

FT No. 31,185 THE FINANCIAL TIMES LIMITED 1990

FINANCIAL TIMES

Thursday June 28 1990

THE GERMANYS

National mind in a state of muddle

throws doubt on

D 8523A

World News

Estonia lays down quotas on Soviet immigrants

Estonia became the first Soviet republic to pass an immigra-tion law, effectively laying down quotas for immigrants from other parts of the Soviet

Khmer advances Khmer Rouge guerrillas in Cambodia appear to have made their most significant gains in 11 years of fighting.

Relief mission crash An army helicopter crashed on a relief mission in Iran's earthquake disaster zone, kill-ing a member of parliament and a group of relief workers.

Zambian riots Rioting and anti-government demonstrations broke out in Kafue, 30 miles south of the Zamhian capital of Lusaka, on the third day of violent pro-tests against food price

increases. Page 4

Talks with Moscow Lithuania's President and Prime Minister flew to Moscow for a meeting with Soviet Pres-ident Mikhail Gorbachev. Ear-

Her report, Page 2 Contras demobilise The entire leadership of the Nicaraguan Contra rebels handed in their weapons to UN troops, thereby completing

army. Page 5 Sudanese accused The Sudanese military Government, which seized power from the civilian administration in June last year, was accused

by Amnesty International of using torture. Page 4 Media purge Newly elected right-wing lead-ers of Yugoslavia's second big-

gest republic Croatia launched ---- a mass purge of the media, sacking more than 20 editors. israeli rebuff

Israel dismissed European Community condemnation of human rights violations in the occupied territories, describing the European comments as unbalanced.

ns nex mu Over a million Italian metal workers staged an eight-hour as a trial run for a planned national stoppage of all work-

3 No. 1 19 (3 17) 19

Peace Corp retreat Washington is to withdraw all 261 of the American Peac lippines following intelligence reports that they were be the next target for communist attacks. Page 4

Action over deaths Basque radicals set a train on fire and built barricades in northern Spain in protest at the deaths of two separatist guerrillas described by the overnment as suicide.

Hong Kong bill Hong Kong legislators voted for a draft bill of rights aimed at boosting fragile confidence in the colony before it reverts

ese rule in 1997. Protest under fire Liberian soldiers ran through Monrovia firing wildly after dispersing protesters calling for the resignation of President Samuel Doe. Page 4

New Milken probe The Federal Deposit Insurance Corporation (FDIC) in the US is to launch a new probe into the affairs of Mr Michael

Junk bond innovator. Page 5

Milken, the billionaire former Somali inquiry call Italy called for an immediate inquiry by the Somali authorities after an autopsy revealed that an Italian said to have committed suicide in a Mogadi-

Business Summary German banks say cost of restructuring has soared

Deutsche Bank, West Germany's biggest hank, and its East German joint venture partner, Deutsche Kredithank revealed that costs of recon-structing the East O revealed that costs of recon-structing the East German banking system are escalating rapidly. Page 15. Geddum pro-file, Page 14; Growth forecast, Page 4; Allianz insurance deal, Page 15

Page 4; Allianz insurance deal, Page 15
MARKETS: Frankfurt reversed Tuesday's slip in the second half of yesterday's session. After an intra-day low, with the DAK nearly 5 points lower at 1883.41. Tokyo's Nikkei rose 740.98, or 2.3 per cent, to close at 32,312.75, the day's high. New York; at 2 pm, the Dow Jones Industrial Average was quoted up 15.10 at 2,857.43. Back Page, Section II

BANQUE INDOSUEZ, the French merchant bank, con-firmed it was in advanced negotiations for the acquisition of Kitcat & Aitken, the 90-year-old UK stockbroker closed by its owner, Royal Bank of Canada. Page 15

MIDLAND Bank is to sell its 85 per cent stake in its Swiss subsidiary, Handelsfinanz, to Credit Commercial de France. The deal will realise £50m for Midland at a time when its profits and balance sheet are under pressure. Page 14

INTERNATIONAL financial community leaders will meet Alberto Fujimori, Presidentelect of Peru, in New York tomorrow to hammer out an emergency aid plan for the debt-ridden South American country. Page 14

BICC, UK cables and construction group, is almost doubling its interest in Grupo Espanol General Cable, the Spanish cablemaker, to 39 per cent, with plans to take this to around 75 per cent in 1982. Page 15; Lex, Page 14

WAGONS-Lits, Belgian travel and tourism group, has sealed a far-reaching reshuffle of its shareholding and management structures which will bring Accor, the French hotel company, into a key position in its organisation. Page 1?

CONTINENTAL, West German tyre and rubber products company, narrowly avoided having its voting rights curb voted down at its annual meeting.

CENTRAL Bank of Turkey has established a programme under which it will be able to issue up to \$300m of medium term notes in the international market. Page 23

EUROPEAN Business Channel's Swiss-based board met in crisis session to see whether the first continent-wide business television channel can survive. Page 3

STEMENS, West German electrical and electronics concern, is planning to invest more than DM1bn (\$595m) in East Germany in the next few years. Page 17

NIGERIA and the Soviet Union are at odds over £400m owed to the Soviet Union for work on the Ajackuta steel plant, under construction by Tiajpromexport since 1979. Page 8

OUTOKUMPU, state-owned Finnish natural resources group, has agreed to buy the American Brass Company, which claims to be the secondlargest producer of copper products in the US. Page 16

STORA, Swedish forest prod-ucts group which is taking over Feldmühle Nobel of West Germany, will make savings of at least SKr670m (\$110m) a year by combining the two companies. Page 16 US officials said President Bush's announcement on reducing the budget deficit should encourage Japan to make tough political decisions

to resolve bilateral talks on

economic reform which were

continuing last night. Page

today. The US had rejected Japan's original proposal on public

investment, saying the figure was not sufficient to slash was not sufficient to slash Japan's trade surplus with the US, which was \$49bn last year. A senior member of the US delegation said earlier that apart from public investment the main sticking points before any SII report could be finalised were that Japan had not provided enough details on provided reforms of its retart

of follow-up talks for the SIL Mr Bush went out of his way to praise Mr Kaifu yesterday for what had been achieved in bilateral relations since their

It was that earlier meeting that provided the momentum which led to the interim SII report in April and the hope on both sides is that such high-level contacts will give a

Houston, Texas, which starts on July 9. Mr Bush will have a separate meeting with Mr Kaifu on July 7. The American side yesterday presented Mr Bush's announce-

He implied that Japan should show similar political

of midday today for agreement, according to a US official who said that if they still could not agree, the talks would have to be carried over to another meeting in the US.

FT-8E 100:

2,373.5 (-26.3)

Gorbachev's radical plans **EC** opposition challenge party old guard

PRESIDENT Gorbachev has thrown down an open challenge to the dishard conservative majority in his ruling Communist Party, by proposing an unrepentantly reformist policy for approval at next week's crucial party congress

gress.
Last night, the Soviet leader appeared to be backing away from an alternative strategy of postponing the confrontation until the autumn, as it became clear that preparations for the congress were already too far advanced.

advanced.
Instead he has gone ahead with publication of a proposed party platform committed to the introduction of private property, top priority for the rights of the individual, the rejection of class dictatorship and the old tradition of "democratic centralism," and an open commitment to multi-party democracy — all potential anathema to the party conservatives.

vatives.

The dramatic developments within the ruling party coincided with an acceleration of moves seeking a settlement in the disputs between Moscow and the republic of Lithuania, as Mr Vytautas Landsbergis, the Lithuanian President, and Mrs Kazimiera Prunskiene, the Prime Minister, arrived at the Kremlin for talks last night. The new contacts come on the eve of a Lithusnian parlia-

ment debate on whether to sus-pend the republic's declaration of independence to enable negotiations on secession to

begin.

Tomorrow will see the first key round in the battle for the

NEXT WEEK'S Nato heads of

NEXT WEEK'S Nato heads of government summit in London should strive to ressure the Soviet Union that the unification of Germany and the changes in the western alliance are not threatening. US President George Bush said

esterday. As a way forward, Mr Bush

ping short of a formal treaty, whereby Nato and what remained of the Warsaw Pact

would offer assurance about not threatening each other.

ted a mutual declaration non-aggression, "stop-

By Peter Riddell, US Editor, in Washington



Vadim Medvedev, party ideology secretary, believes the Communist Party's crucial congress should go ahead

Bush seeks assurance for Soviets

chev that what is proposed is not threatening. We've got a selling job to do."

During a White House meeting with the European press, including the Financial Times. Mr Bush said that after a series of international meetings planned for the rest of this year he would like to see "an acceptance by all parties of a specific plans might emerge from next week's talks. The alliance is likely to move cautiously in reviewoils strategy of flexible response. Mr Bush warned against "looking for any bombshells or drawatte proposels at this

soul of the party, when the 300-strong central committee meets to discuss the policy doc-ument and decide its congress strategy for the meeting which

opens on Monday.

The central committee must decide whether to go ahead or postpone the congress, with all the signs pointing to a irrevo-cable split in the party between conservative commu-

nists and social democrats. However, Mr Vadim Med-vedev, the ideology secretary of the party, chairman of the policy drafting committee, and a key Gorbachev ally, said yesterday that a majority of party leaders around the country wanted to stick to the time-

"I appreciate the arguments in favour of postponing the

juncture." A review is likely to be launched in the light of the

altered threat and reduced force levels.

Following this week's Euro-

pean Community agreement to consider direct economic aid

for the Soviet Union, Mr Bush underlined the doubts he

airline proposals congress, but I believe the train has already left the sta-tion, and we should stick to the

tion, and we should stick to the original date," he told a press conference.

Mr Gorbachev and his allies in the Politburo – Mr Alexander Yakovlev, Mr Eduard Shevardnadze, the Foreign Minister, and Mr Medvedev – have hitherto done everything possible to maintain party unity, in the face of growing polarisation.

The suggestion of a postponement seems to have come from the very top, after last week's disastrous founding congress of the Russian Communist Party – containing 60 per cent of the all-union congress delegates – which saw a gress delegates – which saw a clear victory for the conserva-tives and repeated criticism of Mr Gorbachev and his col-

Now the Soviet leader appears to have thrown down the gauntiet by revealing that his planned party policy is committed to an acceleration in the reform process, not a

The document does not even mention the concept of "Marx-ism-Leninism," but concen-trates rather on immediate measures to overcome "the crisis in society and in the party, and the creation of a humane, democratic socialism." It admits the failures of the Communist Party leadership, under Mr Gorbachev, but says the main error was in not reforming the posts itself secretaries. ing the party itself sooner, as Continued on Page 14 Key elements of Marxism repudiated; Aid to Moscow; Estonians pass law to restrict immigrants, Page 2

Soviet reform, via co-operation and advice. The President sup-

ported proposals for US private sector involvement in eco-

apply pressure to Israel; and appealed for Europe to become involved in the development of

Duncan Gordon ARICS

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US budget talks, Page 14

The Commission said aspects of the joint venture did not appear to be in the interests of the European consumer. Sir Leon Brittan, EC Compe particular routes so that the three airlines would not compete against each other. BA may be asked by the Commission to hand over a tition Commissioner, explained that this was a "particular step" in the EC's competition procedures and that the air-lines would now have a chance to have discussions with Brusnumber of take-off and landing

slots at Heathrow so that a third airline can compete on operations to Brussels. The Commission forced BA to cede routes after its merger with British Caledonian in 1987. sels with a view to altering aspects of the deal as it stood. Community officials last However, Lord King, chairman of BA, has repeatedly

night said Brussels' interven-tion could be crucial to the development of the European aviation industry.

It was far from clear what the implications of the decision would be. The airlines were

still awaiting delivery of the letter of objection. The balance of opinion is that the deal, which envisages Brussels' Zaventem airport being the hub of a rapid ser-vice system linking regional sirports across Europe - the so-called hub and spoke system operation - should go through if the three airlines are willing intra-European system. They note that the existing large European airports specialise in intercontinental rather than to compromise. Sir Leon said he did not object in principle to a hub and spoke system involv-

A PLANNED joint venture tions. However, there is conbetween British Airways, KLM cern about the implications of the venture on competition on routes between the UK and Brussels. That concern has been heightened by information found in internal memos seized by the Commission at one of the airlines' offices which showed plans to allot

stated his unwillingness to hand over slots or routes and has said he would rather pull out of the venture. BA said last night that the

company would not negotiate. The airline would make the case that the proposed deal would be good for the consumer and for competition.

BA and KLM argue that the joint venture would provide an

flights within Europe.
Britain's Monopolies and
Mergers Commission is expected to report on the Sabena joint venture today. Background, Page 2; Lex, Page

partners.
Sir Leon was coy about pre-cise details of the formal objec-

ing Sabena with one or more

and Sabena was thrown into doubt yesterday when the European Commission decided to send the three airlines a

formal statement of objec-

UK told to recover £44m on Rover deal

By Lucy Kellaway in Brussels and Charles Leadbeater and Philip Stephens in London

US providing such financial assistance. He noted serious legal and political problems in the US, but emphasised that the US wanted to try to assist THE EUROPEAN Commission yesterday told the British Gov-ernment to recover £44.4m (\$75.7m) in state subsidies paid illegally to British Aerospace at the time of its takeover of nomic development.
Otherwise during the interview he brushed aside inqui-UK car group Rover in 1988. The demand is considerable ries about the dropping of his "no new taxes" pledge; admitted frustration over the Middle East peace process, while saying it would not be useful to easily process to Expel and lower than was mooted initially as it makes no provision

for any undervaluation of Rover at the time of the sale. The decision is a victory for Sir Leon Brittan, the Competi-tion Commissioner, who had faced potential hostility from other commissioners over what some saw as a soft demand. In

the event, he said his proposals
"did not present a very formidable problem" at yesterday's
meeting.

Seven months of inquiry had been unable to prove conclusively any undervaluation, Sir Leon said, instifying the Commission's original demand that the proposed subsidy of £800m be cut to £469m.
"On the basis of the new facts there is no grounds for

attempting a reevaluation," he

Mr Nicholas Ridley, Trade Continued on Page 14 Background, Page 7

Sounding optimistic about progress, Mr Bush stressed that his own responsibility as US President was "to try to convince Mr [Mikhall] Gorba-US, Japanese leaders step up pressure to reach trade accord

of international meetings planned for the rest of this year he would like to see "an acceptance by all parties of a unified Germany within Nato."

The US is keen that next week's summit should mark the first stage of a change in Nato's role, Mr Bush said there

Article Two of the Nato char-ter which identifies a political,

as opposed to a purely mili-tary, mission. He talked of

should be more em

By Peter Riddell in Washington and Robert Thomson in Tokyo

PRESIDENT George Bush yesterday talked with Mr Toshiki Kaifu, the Japanese Prime Minister, in the hope of ending the stalemate in the Tokyo negotiations over the Structural Impediments Initia-tive (SII), which aims to reduce rigidities in both countries'

Shortly after yesterday's telephone conversation, Mr Bush told reporters that he was still hopeful that differences could be resolved in the next few days to allow success-ful completion of the talks. Reports from Tokyo late yes-terday said Japan had agreed to increase its public invest-

ment figure to Y480,000bn (\$3,267bn) over the next decade from its original proposal of Y415,000bn (\$2,695bn). Kyodo, the Japanese news service, quoted government officials as saying the revised figure had been reached at a

late night meeting between Mr Kaifu and Mr Ryutaro Hashi-moto, Finance Minister. The officials said the two countries would be able to make public their final report

planned reforms of its patent system or agreed to the format

meeting three months ago in California. He said he was "very encouraged" by Mr Kaifu's courageous stand and backing by the Diet (parlia-

similar political push now. MARKETS

The US is keen to have a final SII report before the Group of Sevan summit in

ment on Tuesday on reducing the US budget deficit as encouragement to Japan to make tough political decisions to resolve the talks. A US offi-cial said the announcement had been timed to coincide

should show similar political strength in settling the remaining disputes. Japan had previously demanded that the US provide a clear plan for reducing its budget deficit, which is partly blamed for making the US uncompetitive.

Barlier, delegates at the Tokyo talks had set a deadline of midday inday for agreement.



shu jail was probably beaten to death. CONTENTS

Europe: Motor of EC integration shifts into Malaysia: Rulers keep wary eye on reform of the country's labour laws ... Management: French set sights on the international advertising scene Technology: Why speed is essential when Economic Viewpoint: The conditions neces-

Sary for progress Editorial comments Mr Bush's lips move: ..12 Subsidy rules in the EC -----Lenz BA/KLM/Sabena; Burton; Mecca; Rothmans; BICC _

Despite the bonhomie, Bush keeps Mandela at arm's length



Washington was always going to be the most difficult stop on ANC deputy leader Nelson Mandela's US tour, mainly because of President Bush's need to encourage South African President F.W.de Klerk

29-38 29-31

STERLING New York knight \$1.7445 (1.73775) \$1.7425 (1.7355) DM2.9 (2.9) FF:19.74 (9.7325) SF:2.4525 (2.44) Y269.0 (269.25) £ index 91.3 (91.5) COLD New York: Comex Aug \$353.2 (352.9)

SFr1.4075 (1.405) Y154.40 (155.16) 102월 (102½) yield: 8.497% (8.511)

DOLLAR

New York function DM1.0005 (1.6630) FFr6.58 (5.5810) FT Ordi FT Ordinary: 1,902.6 (—24.0) SFr1.4065 (1.4005) FT-A All-Share: 1,170.55 (-0.9%) Y154.30 (154.675) DM1.8640 (1.6715) New York Junci FFr5.59 (5.8075) DJ Ind. At 2,850.74 (+8.41) 353.36 (+1.3) Tokyo close:Y154,35 Tokyo: Nikke U\$ lanchthee rates Fed Funds 816% (816)

\$350.0 (349.75) M SEA Off. (Argus) Brent 15-day Aug \$15.90 (16.075) 3-mo Treasury Bills: yield: 8.036% (8.046) Long Bond: Chief price changes vesterday: Page 15

31,571.77 (+740.88) LONDON MONEY closing 142-14登% (14%) Liffe long gilt future: Sep 85%

RECOGNITION of the right to private property, rejection of the dictatorship of any class or party, and a commitment to the importance of the individual, are key elements of the Soviet Communist Party's proposed new policy.
The draft policy statement

for next week's crucial party congress contains a raft of major ideological reverses for the party faithful – including no direct reference to Marxism-Leninism at all.

Instead the document, produced by a drafting committee headed by Mr Vadim Medvedev, the party ideology chief and a key Gorbachev ally, would simply commit the ruling party to "a constructive reconstructive to the implementation of the inherit reassessment of...the inheri-tance of Marx, Engels and Lenin, a freeing of this from any dogmatic interpretation."

Border opens

Soviet troops

OFF-DUTY Soviet troops stationed in East Germany will

be able to enter West Germany

freely as a result of the virtual abolition of border controls

between East and West Berlin

This side-effect of the lifting of

controls, which came in advance of their formal elimination

between the two Germanys on July 1 for monetary and eco-nomic union, renders the fast

disintegrating Warsaw Pact even more of an anachronism.

prevent a Soviet soldier from simply walking into the west," said Mr Heinz Pohl, a spokesman for the East German Interior

Ministry. Enlisted Soviet troops sta-

tioned in East Germany are in

theory only allowed to make

group excursions on their day off

and are forbidden to cross into

However, officers and their families are permitted to make

trips on their own and a growing number have been to West Ber-lin in recent weeks, a Soviet journalist in East Berlin said. Mr Pobli pointed out that, as

regards the enlisted men, it

would now be impossible to know whether a person cross in civilian clothes was a soldier.

The west will be increasingly

attractive to the 380,000 Soviet soldiers in East Germany from July 1 as they will be paid

pocket money in D-Marks which they received in East German Marks until now. Yesterday travellers arriving

resterday travellers arriving at Friedrichstrasse station, the rail gateway to East Berlin, as well as those entering East Berlin by car and on foot, went uncontrolled throughout the day. The few remaining border officials chatted or looked on with

Mr Matthias Gehler, the gov-erument spokesman, said some people like himself found it hard not to hold up their passports at the border although no one

East German workers yester-

day completed demolition of the remaining labyrinth of control

barriers and passageways inside Friedrichstrasse station which

arose after the Berlin Wall was built on August 13, 1961, in order to separate East Germans from

esterners using the station. Railwaymen rejoined track

which was severed on August 13 in preparation for through traffic next Sunday to the west on the

urban-elevated rail network and

East German customs officials are to remain posted at the bor-

been cautious in making investment commitments in East Germany despite repeated

appeals from politicians in both Germanys that the east is now "open to the world", writes David Goodhart.

the British Chamber of Com-merce in Germany, says that

Mr Rainer Heumann, head of

tween East and West Germany but will make only ran-

wanted to see them.

the underground.

West Berlin or West Germany.

"From now on nothing will

to all, even

By Lesile Coltt in East

The draft statement, published in full yesterday by Pravda, the Communist Party's principal newspaper, seems certain to run into furious opposition from conservatives, to whom it makes virtually no concessions except for one vague statement that it is the "party of socialist choice and Communist perspective." It provides a sharp critique of the party leadership – the ruling central committee and politburo - for "lagging behind the development of events," in faling to reform the party itself sooner, and for "often acting by methods of trial and error."

However it roundly blames However it roundly blames the current "crisis in Soviet society and the party" itself on the deformations of socialism begun by Stalin, and continued

It denounces "dogmatic con-

servatives" who attack the reform process as "an assa nation attempt on the princi-ples of socialism," while equally reviling "movements which reject the socialist choice, in calling for the lion's

share of public property to be put in private hands. Having said that, the document proceeds to call for the recognition of all forms of recognition of all forms of property as equal, including "earned private property" — the first time the words "private property" have crept into a party statement. It says state control should

remain over major roads, com-munications, energy and, the defence industry.

As for central planning, the hedrock of the communist economic system, it should become simply "devising strategies for economic development and special state prosammes," while normal eco omic activity would be regulated through state taxes, interest rates and so on.

and the state of t

It says that the "central stra-tegic task" of party policy should be to safeguard "the interests and requirements of the individual". It calls for the inviolability of an individual's housing and property, the freedom to choose a place of residence - which would mean an end to the internal "pass sys-tem" – and the accrecy of cor-respondence and telephone

The party policy favours a multi-party system, indepen-dence of the courts, and freedom of conscience and religion.
It also calls for a new agreement on a union of sovereign
states, based on national
self-determination.

Aid to Moscow not tied to unification'

By Judy Dempsey

ANY suggestion that western aid to the Soviet Union should be coupled with the question of German unification was yesterday rejected by Mr Lothar de Maizière, the East German Prime Minister.

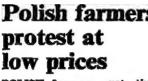
However, Mr de Malzière admitted he had not yet seen the letter Chancellor Helmut Kohl of West Germany had sent to delegations to the EC

EC aid to the Soviet Union must take into consideration the path towards German uni-

be given (to the Soviet Union) with no conditions involved," said Mr de Maizière. Mr de Maizière, who earlier in the day held talks with Mrs Margaret Thatcher, the British

Prime Minister, agreed with the view from London that any aid must be tied to specific pro





POLISH farmers, protesting against low prices for their products, marched on the Min-istry of Agriculture in Warsaw yesterday, AP reports from

The farmers, from south-eastern Poland, are demanding government-set minimum prices to buffer the agricul-tural sector against the effects

They are also seeking more favourable credit terms and other assurances of profitability for farming. The Government has so far

refused virtually all special concessions, saying the switch to a market system requires the elimination of the subsidies that most producers had come to depend on during four decades of a socialized econ-

omy.

However, a new Agricultural
Market Agency, to begin work
in July, will play a role in stabilizing grain prices by making
selective purchases.

The Government is in the

process of drafting its policy on agricultural reform, which is expected to acknowledge the need for widespread reorganization of farming and food pro-

cessing.

A team of agricultural advis-ers from the World Bank and the European Community has been in Poland for a month to assist the Government on the sensitive questions of food sup-

no new manufacturing invest-ment plans have been announced by British compa-nies since the opening of East

Germany last year.

"The British have been very cautious, but then so has everybody else including the West Germans themselves," he said. A new presence has been established in the financial ser-

Polish farmers Prague convenes first freely elected parliament

CZECHOSLOVAKIA'S first freely elected parliament in 44 years convened its opening session yesterday, AP reports from Prague.

The legislature is dominated by President Vaclay Hayel's Movement at first refused to

Civic Forum and its Slovak ally, Public Against Violence. The two groups spearheaded last year's peaceful revolution against the communists. The Civic Forum and Public Against Violence won elections two weeks ago, gaining 170 seats in the bicameral parila-

The communists, who ruled unchallenged for four decades until the peaceful November revolution ousted them from power, won 47 sents in the new

The third strongest group is the Christian Democratic Alli-ance, which won 40 seats in the June 8-9 elections, the first free balloting since 1946.

The House of Nations and the House of the People, the two chambers of Parliament, met to elect their chairmen and were to convene in a joint session to elect a new speaker

and presidium.

Civic Forum spokesman Mr
Petr Kucera said on Monday
that Mr Alexander Dubcek, who was appointed to head the interim parliament in December, was the only candidate for house speaker. He represented Public Against Violence in the Mr Dubcak, who led the 1968

vices sector, through firms such as Peat Marwick and Price Waterhouse, and compa-nies like Davey McKee and BP, who were active in the past,

omitime to be so.

Mr Detlev Münchow, a committee member of the Cologne-hased British Chamber, says that British companies are falling to grasp a real opportunity.

join Civic Forum in a new government, Talks were held, and it agreed to reverse its earlier decision and join the government. The Civic Forum and Public Against Violence could have formed a minority government, but would have lacked the three-fifths majority needed in the two chambers to push through constitutional

changes.
Officials from both groups repeatedly stated that they sought the broadest possible coalition as the country embarked on a transition to a market economy that will require drastic economic reform. However, they ruled out government with the com-

The unofficial leader of the Christian Democratic Movement, Mr Jan Carnogursky, was appointed deputy prime minister in the Slovak regional government yesterday after rejecting any post in the fed-eral government. The Slovak government is headed by PAV member Mr Visdimir Maciar. The Christian Democrats have eight of the 23 ministers in the new Slovak regional posts of interior, economy, trade and agriculture.

Estonians pass law to restrict immigrants By Quentin Peel and Levis **Boulton** in Moscow

ESTONIA yesterday became the first Soviet republic to pass an immigration law, effectively laying down quotas for immigrants from other parts of the Soviet Union. The latest challenge to the central authority was approved by the republic's parliament, against the furious objections of Russianspeaking deputies, who refused to vote on the issue.

refused to vote on the issue.

It came as Lithuanian deputies postponed for another to any decision on whether to freeze their independence declaration in order to open the way for secsesion negotiations with the Soviet Government.

The Estonian law establishes enforces and lishes entrance quotas and permanent and temporary res-idence permits, as well as regulating the stay of all "for-eign citizens" in the Baltic republic, according to Tass, the official Soviet news

It responds to a deep auxisty among ethnic Estonians, shared with neighbouring Lat-viens and Lithuanians, about the influx of Russian and other workers in recent years. Estonians now account for just 60 per cent of their population. Latviana for burely 50 per cent

Bussian deputies claimed that the law conflicted with the constitution of Soviet Estonia, although Estonian deputies say that document has ceased to be valid since they announced a transition to independence in March. They declaring independence out-right, as Lithuania has done.

The Lithuanian parliament is expected today to discuss a possible compromise with possible compromise with Moscow after conflicting sig-nals from the Eremlin caused fear and confusion among the breakaway republic's inhabit-

But a vote on whether Lithuanta should suspend its inde-pendence declaration for the penaence occurration for the duration of talks with Moscow was not expected before tomorrow at the earliest. Lith-uanian deputies have drafted eight alternative proposals for a moratorium on its March 11

declaration.

Mr Vytantas Landsbergis, the Lithuanian president, returned from talks on Tuesday with President Michail. Gorbachev saying the Kremlin had requested "unilateral concessions". Mr Anatoly Lukyanov, the chairman of the Soviet parliament was Soviet parliament, was reported to have insisted at reported to have insisted at the meeting that Lithuania suspend the declaration and all the legislation passed since March 11 as a condition for

negotiations. Hours later, however, Mrs Kazimiera Prunskiene, the republic's Prime Minister, said she had received a telephone call from Mr Gorbachev sug-gesting he was willing to com-

gesting he was willing to com-promise.

"The Kremlin must be playing some kind of game if Gorbachev says one thing to Landsbergis and then rings up Prunskiene to say the same thing but with a different interpretation," said Mr. Vytautas Katilius, deputy edi-tor of the pro-independence daily Gintasis Krastas (Native Land).

Swedish party urges EC talks.

SWEDEN'S main opposition SWEDEN'S main opposition party wants the country to apply to join the European Community next year, writes Robert Taylor in Stockholm. This is the Moderates' main demand in a policy document on the EC published yesterday. Mr Carl Bildt, the party leader, said negotiations between Sweden and the EC should be completed successfully by the beginning of 1993 enabling the country to fully by the beginning of 1993 enabling the country to become a full member by 1995 in time for the EC's proposed economic and monetary union. The Moderates intend to make EC membership the main issue at the next general election in September 1991 and do not believe the country's neutrality is an obstacle to joining.

Motor of EC integration shifts into another gear

NLY ONE thing is more astonishing than; the speed of diamtegration of the Soviet Union and its empire, and that is the acceleration in the integration of the European Community. There are two indicators of this accel-eration: an objective measure of progress, and an iniuitive sense of process: The second is clearly less reliable than the first, but it may be more mean-

First, the objective judg-ment. A year ago, the West German Government was resisting early negotiations on a treaty on economic and monetary union (EMU); two months ago Germany lined up with France to call for a treaty on political union; at this week's Dublin summit, the Twelve agreed to launch negotiations on both of these new treaties at the end of this year. In formal terms, these are just procedural decisions; intuitively, they are far more significant than that. In the past the member states often steeled themselves for the bat-tle of negotiation, by commit-ting themselves to formal objectives which concealed deep differences of principle, On this occasion, by contrast the agreement on a negotiating procedure has been reached ofter the emergence of a pro-found consensus on the objec-

tive of the negotiation. It is now a racing certainty that well before the end of next that well before the end of next year the European Community will have taken a giant step forward, by signing a treaty on EMU. Work is still needed on the articulation between the monetary and economic chapters, and on the interface between EMU and the political process. But the end-purpose of economic and monetary union has by now been internalised by almost all the member states, and thus virtually guarantees the butcome.

Mrs Margaret Thatcher is, of course, an exception; but she

course, an exception; but she cannot invalidate either the general proposition or the probability of the result. The projected treaty on political union is still more interesting in instinctive terms. The detailed ingredients of this negotiation, are more amorphous than that on EMU, because there is no definition of the meaning of political union. But it now seems a foregone conclusion that it will lead to a strength-ening of the Community as we

know it, and not to the creation of a separate or parallel

Two months ago, at the first Dublin summit, Mrs Thatcher sought to puncture the heady bubble of Euro-babble, by listing some of the things that political union could not be: it could not do away with the British monarchy, for example, or the British parliament. In fact, no such idea had occurred to any member government. But while Mrs Thatcher was tilting at windmills, a more serious argument was going on between the French and the Buropean Commission.

The French thesis, encapsu-

IAN DAVIDSON ON EUROPE

lated in an inspired article in Le Monde just before the first Dublin summit, was that politi-cal union must lead to a relative strengthening of the Council of Ministers, at the expense of the Commission. The main of the Commission. The main purpose of political union would be to strengthen co-operation in foreign policy and security; these are classic attributes of sovereign nation states, whereas the EC is an Economic Community, with little competence for the first and none for the secund. one for the second.

Mr Jacques Delors, the Com-

mission mesident, protested as loudly as he dared that it would be dangerous to tamper with the established balance between the Community Insti-tutions. But the French seemed fixed on the strengthening of the Council of Ministers, and or government.

To suspicious minds, it looked as though France was setting about a revival of the 1961 Fouchet Plan of notorious memory. At that time, Presi-dent Charles de Gaulle sought to stifle the quasi-federal potential embedded in the Community's institutions, by Community's institutions, by capping them with an intergovernmental "political union", whose decisions would be
taken only by unanimity, but
whose policy-making anthority
would effectively override that
of the Community. De Gaulle's
plan was fiercely fought off by
the other five member states;
by the spring of 1962 he effectively abandoned it. tively abandoned it.

tentional credence when senior-French officials started to describe political union as something which would "cap" the Community. But if these suspicions were ever soundly based, it appears that the French administration has now changed its mind.

The current French line, at the highest level of official authority, is quite different. The new architecture of the Community will have three pd-lars: the single market, eco-nomic and monetary union. and political union; but it will be a single Community. All of the EC's institutions must be strengthened: the Council, the Commission and the Parliament. It is futile to draw a hard line between Community competence and foreign policy; the Commission must therefore play some role in foreign policy co-ordination. In any case, it is essential to recognise the Com-mission's vital function as the democratic imperative makes it essential to find a way of associating national parlia-ments with the broad lines of

The French sense of the ulti-mate objective, as President started to admit in public, is a European federation. But the se of the immediate objective is the maximum that can tive is the maximum that can be agreed by the Twelve. French thinking on this first stage of political union is still incomplete; but the agenda is likely to consist of useful but modest changes to which not even Mrs Thatcher could object.

The contrast with the struggies between de Gaulle and the five in the 1960s, could hardly more extreme. That was a Manichean confrontation of absolutes, in which both sides attempted to pre-empt the ultimate fate of the Community. Neither side won, of course, because they were defeated by the Fallacy of the Last Move. The remnants of the Mani-chean illusion persisted into the mid-1980s, with the titanic fights over the reform of the farm policy and the Commu-nity budget. The qualitative shift now taking place, is away from absolutist battles of princinle, towards a process based on confidence and conver-gence. Mrs Thatcher does not like it, nor does the French Gaullist party. But that is the way the Community is going.

Gaullists seek nationalist votes in attack on French EC policy

was traditionally a central fea-ture of Gaullist policy. In

By Ian Davidson in Paris

FRANCE'S right-wing Gaullist RPR party has responded to the Dublin summit with a sharply-worded attack on the French Government's policy towards the European Community, and in particular on President François Mitterrand's assertion at the summit that the EC should have "a federal

The party accused the Socialist Government of falling to defend French national interests, and claimed the President's remark had revealed the Socialists' true intentions "to eliminate the identity of France".
The RPR's statement is obvi-

ously an appeal to the right-wing nationalist vote, in response to the worrying buoy-ancy of Mr Jean-Marie Le Pen and his extreme right-wing National Front. Hostility to the supra-na-tional vision of the Community ture of Gaullist policy. In recent years, however, the Gaullist opposition to the federalist model has appeared to be submerged by their newfound conversion to economic liberalism, the single market and some version of economic and monetary union. This has given the impression of a consensus on Community policy between the moderate political between the moderate politics parties of both left and right. The only specific national interest which the Government is accused of having neglected is that it failed to secure a final decision in Dublin on the maintenance of the European Parliament in Strasbourg. Meanwhile, the Gaullist

party and the UDF centre-right umbrells grouping have jointly formed a political federation called Union pour la France. Its declared purpose is to strengthen the chances of the

respectable right-wing parties in the run-up to the general election in 1993 and the preddential election in 1995. In order to avoid the debacle of the presidential election of 1988, when the right wing was defeated mainly by the rivalry of competing conservative can-didates, the new federation will stage a primary selection pro-cess, to choose a single presi-dential candidate.

It is not yet evident, how-ever, that it will succeed in uniting the conservatives. It has been attacked by Mr Fran-cois Léotard, leader of the Republican Party, and it will be viewed by young reformers in both the Gaullist Party and the UDF as a device for perpe-tuating the dominant positions of the two conservative barons, Mr Jacques Chirac, leader of the Ganilists, and Mr Valery Giscard d'Estaing, leader of the

Courtaulds closes French plant

COURTAULDS, the British chemicals and materials com-pany which is Europe's second biggest maker of acrylic fibres, is to close a fibre plant in Calais with the loss of 490 jobs.

It is one of three European factories which make Courtelle fibre. Demand for acrylics in Europe has drawed in recent Europe has dropped in recent years and closure of the Calais operation has been a possibil-ity since Courtaulds amounced in May it was cut-

ting back on activities in this field. field.

The DK company, which last year announced demerger of its textiles operations into a separate business, has recently made a loss on acrylics sales. The same has been true of Enimont of Italy, Europe's largest acrylics maker, and West Germany's Bayer.

Courtaulds said yesterday that assuming it could com-

that assuming it could com-plete legal formalities, the Cal-

ais plant would not re-open after it closes for summer holidays on July 21. The company tomorrow will holding an extraordinary meeting of the workers' council at the plant to discuss the plant at the plant to discuss the planned closure.

Courtaulds also operates
arrylics plants at Grimsby in
Britain and Barcelona, Spain.
These have 1,100 employees.

Conciliatory tone suggests airline venture will be cleared for take-off

lowed it up and the idea was taken up by the Americans.

dislike West German arrogance and would prefer to do business with the British," he says.

He adds that during a British

mber tour of East Germany last March the idea of a Brit-ish-East German science park had been raised but nobody fol-

"ALL questions remain open," Sir Leon Brittan, the EC's Competition Commissioner, observed yesterday after confirming that Brussels is sending a "statement of objections" to British Airways, KLM/Royal Dutch Airlines and Belgium's national carrier Sahena over their controversial joint venture.

Predicting the outcome of talks which will now take place between Sir Leon and the three European airlines is hazardous. But while much depends on the reactions of the companies themselves — they will not receive the Commission's formal comments until today - the balance of opinion last night was that the deal stands a reasonable chance of

Sir Leon's tone was certainly con-

stress he welcomed the concept of a hub-and-spoke operation based on Brussels' Zaventem airport with Sabena "and one or mere partners." Subject to the successful removal of competition disadvantages, he suggested the three-way deal "could do a great deal of good for consum-ers as well as for the air transport

Caution marks approach of British businesses

EC officials were keen to play down recent reports which referred to Brussels blocking the marger. In response to a particular hare which has been sent running in recent weeks - namely, the likelihood that KLM would be required to withdraw from the arrangement - Sir Leon said: "I can see advantages and dis-advantages of having three airlines.

I can see advantages and disadvantages of having two airlines." This, however, was one of three issues discussed at yesterday's meeting of the Commission before the final decision was taken. It is understood that competition authorities in Brussels, following raids on the offices of the companies involved, found evidence which suggested that KLM was only brought into the deal because it was a large competitor operating from nearby Amsterdam and that it was therefore better in than out.

As a result, some officials have been claiming that KLM should be excluded. But in the debate yesterday members of the Commission argued it was not up to Brussels to look at the intentions of the participants, or to try to restructure the sir part of the second air transport are trying to organise the transport industry. The only relevant question was the impact on the out consideration.

part of the second air transport are trying to organise the transport industry. The only relevant question was the impact on the out consideration. vant question was the impact on the

Another contentions point raised yesterday was the original intention to accuse Sabena, under Article 86 of the Treaty of Rome, of abusing its: dominant position in the Belgian The fact that this has now been

dropped – after objections that the domestic Belgian market is hardly a relevant consideration - could, according to some officials, make it more difficult for Sir Lega to force Sabena to give up slots and traffic rights at Zaventam.

But with the Commission due to

lay out soon a code of conduct for member states on slot allocation (as

The third question to occupy the

The third question to occupy the meeting yesterday was the position of Mr Karal Van Miert, the Belgian Transport Commissioner, who votced a grievance at having been excluded from negotiations so far.

Sir Leon replied that competition was his dossier, but a compromise was reached allowing Mr Van Miert was reached allowing Mr Van Miert to be kept informed of developments. Details of the objections will only be available today because of the necessary redraining last night. They run to about 20 pages and essentially make the point that the three airlines all operate from a dominant position at their hub airports and that evidence suggests they

petnion.

Internal memos are quoted showing how the strines already co-operate closely in a number of areas—such as buying aircraft, spare parts and fugi—and demonstrating clear plans to carve up particular routes so they would not compete with each other. each other.

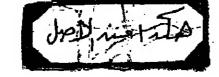
each other.
This will provide ammunition for the independent European airlines which opposed the deal, such as british Midland Airways, Air Europe and TEA, the Beiglan airline. They argue that the deal would give Sabena and British Airways 90 per cent of flights between the UK and Brussels, with little incentive for connection.

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WORLD TRADE NEWS

£400M OWED ON STEEL PLANT BUILT BY MOSCOW

Nigeria fails to pay Soviet debt

NICERIA and the Soviet Union are at odds over £400m owed

are at odds over £400m owed to the Soviet Union for work on the Ajackuta steel plant, under construction by Traipromexport since 1979.

Completion of the plant, which has cost an estimated \$40n to date, is expected next year and, as one Soviet official explained: "We've done our work and we want our money."

With an international debt of With an international debt of sight and debt repayments to the Paris and London clubs already accounting for 30 per cent of foreign exchange earnings, Nigeria's debts to the

Soviet Union are being given low priority.

But with the government of President Ibrahim Babangida failing to make any payment to Tiajpromexport since 1986, Soviet diplomats are beginning to lose patience. The Soviet Union's inability to collect money owed by developing countries is also thought to be a factor behind its own late payments to western exporters. a factor behind its own lave payments to western exporters.

The problem in Nigeria's case, analysts believe, is the Soviets inability to offer new credits. Without the carrot of additional fluance, the

Nigerian authorities have not been willing to negotiate even a rescheduling of the debt. Relations between the two

countries have also been put on edge after revelations that Chief Great Ogboru, the businessman the authorities suspect of financing the failed coup last April, visited the Soviet Union earlier in the year to size a fisheries year to sign a fisheries joint-venture agreement.
Of bitter consolation to Moscow is that even after the the 3,000 Soviet workers have completed their work and packed their bags, the steel

plant is unlikely to begin production for at least another five years. Still to be confronted is the problem of

ensuring a secure supply of ensuring a secure supply of coking coal for the plant.

The plant needs L4m tonnes of coking coal a year, most of which will have to be imported. This presents logistical problems as Akadenta situated on the River Ajackuta, situated on the River Niger, is 250 kilometres inland from the coastal ports. Either the river will have to be dredged or a 150 kilometre railway line built to connect the plant to the rail network.

the East-West German border will be practically ended at the

Germans will no longer fac passport inspections, and visa restrictions for foreigners will be substantially eased. Goods controls will however remain in force — not least, because East Germany introduces a 9 per cent import surcharge on Sunday to try to protect its industry from a rush of imports of western consumer.

US to lift sanctions against Brazil

By Christina Lamb in Brasilia

THE US is to lift sanctions on Brazilian goods in response to Brazil's apnouncement that it will introduce legislation to protect pharmaceutical patents

The Brazilian decision on intellectual property rights represents a radical shift in Brazilian thinking and paves the way for ending a row with the US, its largest trading part-

ner.
Mrs Carla Hills, the US
Trade Representative, said:
"We are very pleased with
President Collor's decision to resolve this long standing conresolve this long standing con-cern of the US government. We are confident that this measure will succeed and provide ade-quate protection for US firms." The US sanctions — 100 per cent retaliatory duties on paper products, consumer elec-tronics and drugs — were imposed in October 1988 after a ruling under Section 301 of the 1974 Trade Act that Brazil was failing to provide usent pro-

failing to provide patent pro-tection for US pharmaceuti-Brazil's announcement came

Brezil's announcement came as part of a sweeping trade package intended to open up the country to foreign competition. It followed visits by Mra Hills and Mr Robert Mosbacher, the US Commerce Secretary, both of whom lobbled hard for Brazil to ensure adequate protection in order to stiract investment.

In a further concession to

President Collor: opening Brazil to foreign competition

the US, Brazil said it would liberalise the film industry. Previously all films imported from the US had to be copied in Brazil which was expensive and led to much pirating. In response to lobbying from multinational companies and

trade ministers from industria-lised nations Brazil's central bank agreed to release over the next six months the \$4-5bn profits of foreign companies that were frozen in March along with 80 per cent of the country's savings in a measure to suppress liquidity.

The trade package also included the scrapping of import quotas. In future the only instrument governing imports will be tariffs and these are to be cut from an average of 35 per cent to 20 per cent over the next four years.

This sweeping reduction on tariffs is part of the measures by the government of President Fernando Collor de Mello to reduce the role of the state and open up trade barriers to encourage efficiency and com-petition. Brazil is one of the world's most protected economies, traditionally hostile to foreign imports which last year accounted for only 5 per cent of GNP. Once the liberalisation takes effect many Brazilian companies are expected to go out of business.

The first sector to be liberalised is textiles, one of the most protected areas. From July 1 all tariffs will be dropped on machinery and raw materials not produced in Brazil. A tariff commission will decide the timing of the rest of the cuts to bring the maximum down from 105 to 40 per cent by 1994. Of particular concern to the US are tariffs on aircraft, their main export to Brazil, which are now between 49 and 56 per

To encourage foreign invest-ment, import licences must now be granted within five days. This is to stop trade assodays. This is to stop trade asso-ciations lobbying to prevent the entry of competitors and to force multinationals which earn huge profits in Brazil to increase their competitiveness. Miss Zelia Cardoso, the Economy Minister, unveiling the trade package, said it rep-resented a profound rupture with the past She added: "Pro-

resented a profound rupture with the past. She added: "Protectionism has failed and impeded the development of our industry. It left us with an economy which while the eighth largest in the world, was riddled with chronic inflation, inequalities and profound social and regional problems."

E Germany acts to enforce CoCom rules

By David Marsh In Bonn

EAST GERMANY is to set up a special foreign trade monitoring office next week to police international controls on

police international controls on technology transfer after economic union with West Germany this weekend.

Establishing the office forms part of the recent understanding with the 17-nation Co-ordinating Committee for Multilateral Export Controls (CoCom) under which CoCom restrictions for East

Germany will be lifted after

July 1.
High technology goods previously proscribed under the CoCom rules will be able to cross from the West from the weekend.

weekend.

Even though general CoCom procedures are being relaxed, the US, above all, is still concerned about militarily-useful technology crossing from eastern Europe into the Soviet Union and the Third World.

The East German government will be trying particularly to prevent re-export of sensitive products in areas like computers and telecommunications. The East Berlin Government is attempting to enforce CoCom curbs on barter trade, where East Germany has agreements in force with 38 countries.

The East and West German governments announced yesterday that controls on movements of people across

'Failure of trade talks will hit poor'

By Peter Montagnon. World Trade Editor

MR Barber Conable, president of the World Bank, has called on western leaders to break the deadlock in the Uruguay Round of multilateral trade negotia-tions at their summit in Hous-ton next month.

An end to the deadlock was "imperative" for the sake of developing and East European countries which are liberalising their own trade but have so far had little influence over the Round, he said in a letter to President Bush and the other heads of state who will be attending the summit.

In his letter, Mr Conable carefully avoided taking sides in the dispute between the US and the European Community over reform of world farm trade that has threatened to derail

that has threatened to derail the entire Round.

But he emphasised the need for a global reduction in barriers to trade and warned that nobody would benefit from fragmentation of the trading system if the Round failed.

Protection by industrial nations costs developing countries more than twice as much

nations costs developing countries more than twice as much as they receive in aid. Output in the developing world would increase by 3 per cent if rich nations eliminated their import restrictions, he said.

20 leaving the prescription of

Following the prescription of the World Bank, many develop-ing countries had opened their own markets, but they had done so unilaterally and the global gain would be much greater if trade were freed. Agreement in the Round would benefit developing coun-tries, especially in agriculture, textiles and clothing, he said.

Russians brand Big Mac a hit

Associates, the international corporate identity consultancy, has commissioned a study of awareness of international brand names in eastern

By Alice Rawsthorn

IT IS nearly five months since McDonalds started selling Big Macs in its shiny new store on Moscow's Pushkin Square, but the queues outside are still a mile long every day.

With so many western companies like McDonalds setting up in eastern Europe, Landor Associates, the international

tional brand names in cestern harope.

Sony, Mercedes-Benz, Adidas and Ford were the only brands to score highly in all three countries surveyed: the Soviet Union, Poland and Hungary. Sony was top in Poland and the Soviet Union. Mercedes did best in Hungary.

The study, by Gallup, asked 500 consumers in each country 500 consumers in each country which international brand

Cars dominated in every country. The West German luxury car companies — Por-sche and BMW, as well as Mer-cedes — were especially popu-

lar in Hungary and Poland.

Japanese electronics companies — Sony, Sharp and Panasonic — scored highly. But west European brand names, especially the West German ones, scored highest of all.

The big US brands were surprisingly unsuccessful. Cocacola, McDonalds, Kodak and Pepsi-Cola cropped up, but Ford was the only US company to have high recognition.

The Image Power Survey in

The image Power Survey in eastern Europe, Landor Associ-ates Europe, 3 Hill Street, Landon WIX 7FA.

Business television channel faces closure

By Raymond Snoddy

THE BOARD of the Swiss-based European Business Channel was meeting in crisis session yesterday to see whether the first continent-wide business

television channel can survive. The channel was reviewing its options following the decision by Time Warner of the US, the world's largest media conglomerate, to abandon plans to take a substantial stake in the

As a result it is likely that EBC, which began broadcasting in November 1988 and which is available in 24m European wall go off the air — at least for the time being.

Staff were yesterday prepar-ing the programme as normal and the service is expected to

and the service is expected to continue to the end of this week. Staff have been told that whatever happens suppliers

Time Warner executives arrived at the Zurich headquarers earlier this month to negotiate final details of a deal on what would have been the US company's first large foray into Surope since last year's merger of Time and Warner Communi-

The formal reason given for the decision was uncertainty over the length of EBC's con-cession with the Swiss Government and the number of hours of broadcasting involved. Another factor was concern about their degree of control over what had to remain a

It is believed, however, that relationships between share-holders and suppliers were also

a factor.

The main technical services for EBC are provided by a company called Limelight which is in turn controlled by Black Box, a holding company which is the second largest shareholder in EBC with 15 per cent. Mr Felix Matthys, a Swiss businessman, controls 62.5 per cent through his company AWF.

Thames Television, Britain's largest independent television company, initially had a 15 per cent stake in the venture. But Mr Richard Dunn, Thames managing director, warned in

Mr Richard Dunn, Thames managing director, warned in 1988 that the cost structure could not be sustained by likely earnings. Although still an EBC director Mr Dunn played no further part in the company and allowed the Thames stake to be diluted to 1 per cent.

diluted to 1 per cent.

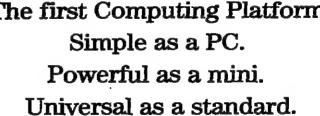
EBC transmits half an hour of business news in English and German at breakfast time, and is later repeated. It is carried on a wide range of satellite chan-nels including Sky One, Sky News, Super Channel and, in West Germany, RTL Plus and

The Time Warner stake was meant to finance not just a con-tinuation of the service but also fund an ambitious expansion to six hours a day broadcasting in

September.
Instead the channel is now fighting for survival in an increasingly competitive market. Two new European business services have recently started a joint venture between CNN and the Financial Times and European Business Today launched by Clark Production The first Computing Platform.

Annual Section Sections

Olivetti CP486



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mini-computers and PC networks, merging these 'worlds'. As a mini-computer, the CP486 can provide computing power for up to 50 users. It can also give you the speed that will run the most complex software faster than any PC has ever run before.

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By Stefan Wagstyl in Tokyo

EAST GERMANY will grow so fast that by the year 2000 it could match the current level of economic output per head in West Germany, according to a report published yesterday by one of Japan's leading banks. In a bullish analysis, the

Industrial Bank of Japan (IBJ) predicts East Germany will be thrown into economic upheaval in the first two years following monetary union next month. After that, however, heavy investment would fuel growth, which would top 10 per cent a year in the middle of the

The likely average growth rates for 1990-95 will be 9.2 per cent and for 1995-2000 8.4 per

Opportunities to pour capital investment into East Germany will boost the average growth will boost the average growth rate in West Germany to 4 per cent in the first half of the decade and 3.8 per cent in the second, the bank says. West Germany would then be growing aimost as fast as Japan has

in recent years.

IBJ, one Japan's foremost economic forecasting organisa-tions, believes the economic unification of Germany is "a magnificent experiment in shifting an economy from central planning to relying on the market... This experiment will succeed as long as West Ger-many has the determination to

press on with unification."
The bank's optimism is in stark contrast to the caution with which Japanese compa-nies are approaching East Garmany. So far just three indus-trial groups have announced modest plans to invest in the

Nissan Motor, the car maker, has established a network of 36 dealers, but their main funclers from the west. Kao, a toi-letries group, has set up a joint venture to sell shampoo and Sony, the electronics company, sony, the electronics company, is to open a marketing office.

Instead, IBJ's study seems closer in spirit to the thinking of many West German companies, some of which are considering multi-billion D-Mark investments in the constant of th

investments in the east.

The bank forecasts East German output will be down by more than 5 per cent this year and will stabilise at that level and will stabilise at that level in 1991. The unemployment rate will rise to a peak of 20 per cent. or 1.7m people, in 1991 but it will then fall to between 10 and 12 per cent by 1995. The main engine for growth will be huge private and public

investment in industry and the infrastructure. Investments are expected to total DM13bn (£4.49bn) this year and DM42bn in 1991, Supported by this flow of capital, much of it coming from West Germany, per capita output in East Germany will reach 80 to 100 per cent of the present West German standard by 2000.

As for foreign trade, East Germany will absorb some of West Germany's surplus but will by no means wipe it out, IBJ says. The ratio of the trade surplus will fall from about 4 per cent of GNP now to just per cent of GNP now to just over 2 per cent by the mid-

However, in contrast to many other forecasts, the bank does not expect East Germany's need for capital to drive up interest rates around the world. It says the country's requirements can be met from

West Germany's trade surplus.
Moreover, careful monetary
control by the West German
authorities should ensure that inflation does not reach dan-gerous levels in the east.

Khmer Rouge fighters close in on capital

By Robin Pauley, Asia Editor KHMER ROUGE guerrillas in

Cambodia appear to have made their most significant gains in 11 years of fighting.

In a series of attacks this week the group has overrun towns near the capital Phnom Penh and forced the evacustion of thousands of civilians, according to reports reaching Bangkok.

The attacks by Pol Pot's small but effective band of guerrillas is stretching government forces already hampered by political infighting in

Although the reports are unsubstantiated and previous ones have proved inaccurate or exaggerated, diplomats are giv-ing the latest claims increasing

"The government is in dan-ger of falling apart," a Bang-kok-based diplomat said, Military losses and internal dissent over what action to take on a economic blockade by the west is bringing the government of Hun Sen closer to collapse.

According to reports slowly coming out of Cambodia, durlng a recent guerrilla attack on the Kompong Thom area north of Phnom Penh forces used aerial hombardment for the first time, inflicting civilian as well as military casualties. Red Cross officials in Phnom

Penh estimate at least 25,000 refugees are fleeing fighting in the towns of Kampot, Kom-pong Speu, Kompong Chinang

and Kompong Thom.

The Hun Sen Government, installed and backed by Vietnam after its 1978 invasion, has been trying to survive alone since the Vietnamese pulled out in September. In the past month it has foiled a coup attempt by dissidents within the Government.

Mr Cham Prasidh, vice min-

ister to the Cambodian Council



Hun Sen: economy close

of Ministers, arrived in London yesterday although it is unlikely any British minister will see him.

Although the British Gov-ernment is anxious to revise its policy on Cambodia and has stated its opposition to the pos-sible return of the Khmer-Rouge, who killed more than Im people during their four years of rule from 1975, British policy is being determined by Washington.

The US is opposed to any meetings with ministers of the Hun Sen regime and insists that the economic blockade

must continue, although opin-ions are now divided between the White House, State Depart-ment, Pentagon and Congress about what policy to follow. Senator George Mitchell, Senate majority leader, has challenged the State Depart ment, saying US policy in Cambodia should be aimed at isolating the Khmer Rouge and that the US Administration should enter direct dialogue with the Phnom Penh to ease restrictions on humanitarian restrictions on humanitarian

By David Housego in New Delhi

carrier, might soon be allowed by the government to resume flights of the Airbus A-320, according to senior offi-

The possibility has opened up in the wake of the difficulties the airline has experienced in leasing the 14 Airbus A-320s that were grounded in February after another A-320 crashed at Bangalore. Officials say that the response to the leasing offer has been "not very encouraging" because indian Airlines were only willing to release the aircraft for an initial release the aircraft for an initial period of six months.

The airline has received a better response to its offer to sell the four

INDIAN AIRLINES, India's domestic A-320s which it was due to take delivery of in March but which still lie on the tarmac in Toulouse where Airbus has its headquarters.

A controversy over the ownership of these has arisen: Airbus Industrie says that as Indian Airlines has still to pay 85 per cent of the price they do not yet own the planes. Officials expect the cabinet to be asked to take a decision on whether to resume flights within the next fort-

But signs that government thinking is moving in this direction are that the Directorate General of Civil Avia-tion has asked Indian Airlines to ensure that the aircraft are ready to

fly and that pilots training has been kept up to date. The airline has

already been authorised to use the A-320 for flying freight. Mr Arif Mohammad Khan, the Minister of Civil Aviation, has repeatedly said that there would be no resumption of passenger flights until the government had received the report of the judicial inquiry into the February crash. The court of inquiry is expec-ted to begin its final deliberations on July 2 - thus raising the possibility that this objection could be removed.

Decisions on a resumption of operations come at a time when there

are likely to be substantial managerial changes at Indian Airlines. Mr

P.C. Sen who has been acting manag-ing director of the airline since the crash is likely to step down this week-end. His deputy will then take over for an interim period before a new

managing director is appointed.

The grounding of the A-320 has cost Indian Airlines — which expects to report a loss for the year ending March — Rs484m (£16.3m) for the 19 weeks during which flights have been suspended, according to government estinates. Though a leasing of the 14
A-320s currently grounded in India
now seems unlikely, the airline
remains keen to sell the four aircraft in Toulouse for the cash the sale would provide.

Indian Airlines says it has received many offers for the airplanes - some above the price it agreed to pay Airbus Industrie. Airbus, however, is raising objections to the sale both because it claims still to be the owner and also because the warranty and and also because the warranty and spare agreements that go with the A-320 were drawn up with Indian Airlines. Airbus also wants Indian Airlines to shoulder the cost of the Indian carrier failing to take delivery in Morch

A further factor in favour of a resumption of flights is that Indian Airlines has run into difficulties in lessing aircraft from other airlines to make good its shortage of capacity.

UK companies

NEARLY one-third of British companies with industrial investments in Africa disposed of their holdings during the last decade and they are unlikely to return despite the emphasis being placed on private investment by the World Bank and other development

agencies.

This is the gloomy conclusion of a rare study of corporate attitudes to investment in sub-Saharan Africa published in the latest edition of the Over-

seas Development Institute's Develop-

seas Development Institute's Develop-ment Policy Review.

The study says 43 out of the 139 Brit-ish companies involved in English-speaking Africa withdrew their invest-ments in the region between 1979 and 1989. Some of these withdrawals cov-ered more than one country and the largest number of individual cases affected Kenya (10), Nigeria (23) and Zimbabwe (37).

Zimbabwe (37).

Despite the more open attitude to foreign investment being adopted by many African countries, the study, which was written by Mr Paul Bennell of Harare Emiversity, suggests that the current spate of calls from top Western officials for more investment flows are likely to fall on deaf ears.

Paradoxically business conditions for

Paradoxically business conditions for British industrial ventures in Africa

British industrial ventures in Africa have been made even harder by the economic reform programmes instituted by the World Bank and International Monetary Fund, it says.

These have led to to "massive" currency devaluations which have reduced the sterling value of profit remittances and the value of the investments themselves. More serious wet is the monetary

selves. More serious yet is the prospect of large reductions in import tariffs and other trade barriers that threaten the

viability of key industries in Africa.

Effective rates of return have fallen sharply and the unwillingness of British companies to inject more capital into their African subsidiaries has left

Returns are still somewhat higher in

the non-industrial sector, which suggests that British investment in Africa

gests that brisis increasingly concentrated in resource-based sectors with export potential, while sectors such as electronics and information technology

Ghana, Gambia, Kenya, Liberia and

¥30 Ant

Com Figure 2 Christon Seasi Indu Tressi Seasi

sell African

investments

By Peter Montagnon. World Trade Editor

Group seeks talks on Kashmir

A GROUP of academics and former politicians has attempted to break the dead-lock between India and Pakistan over the Kashmir issue.

A statement issued by 27 Indians and Pakistanis including former foreign secre-taries, judges and ministers— calls for an early meeting between the prime ministers of the two countries. The group says the meeting should be without pre-conditions and in the framework of the Shimla agreement, which pro-vides for restoration of normal relations

Among those who signed the statement were Mr Jagat Mehta and Mr A.P. Venkates-waran, both former Indian forwaran, both former initian foreign secretaries, and Mr
Mohammad Yaqub Ali, a former Chief Justice in Pakistan.
The call, which is believed
to have been approved by both
governments, coincides with
an easing of tension following
agreement on a meeting of foreign secretaries in Islamahad

The meeting was arranged under strong pressure from the US and other nations anxious to see India and Pakistan resuming a dialogue. As substantial differences remain between the two sides, hopes of any real appeared are not of any real progress are not

India refuses to consider separation of the state and insists that current insurgency is an internal problem. Pakis-tan calls for Kashmiris to be given the right to self-determination and for an end to repressive measures by the Indian security forces.

Reflecting the continuing

violence in the state, three people were killed and five wounded in separate incidents in the Kashmir Valley yesterday. A curfew was relaxe during much of the day in Sri-nagar, the capital of the

Troops fire on Liberia protest

LIBERIAN soldiers ran through Monrovia firing wildly yesterday after dispers-ing protesters calling for the resignation of President Samuel Doe, Reuter reports from

At least five people were wounded when troops fired automatic rifles into the air to stop several thousand demonstrators marching on President Doe's mansion. The inci-dent triggered shooting throughout the capital for more than two hours.

Protesters dived into hou

for protection. In one brick sharty, students, reporters and market women crouched as bullets flew. A mother calmly breast fed her child, ignoring the soldier outside who emptied two magazines into her yard.

sumer products group, sacked 1,000 workers at its Malaysian

plant last week. This week it is rehir-

ing them.
This is not the flasco it appears, however, While victory belongs to Hitachi, the episode offers a salutary lesson in the fight looming over the distribution of whose and labour reforms

direction of wage and labour reforms

in Malaysia.
Supported by a Government ruling

to accept only in-house unions in the electronics sector, Hitachi, which operates a television components

plant near Kuala Lumpur, had



Death toll climbs as Zambian riots spread

RIOTING and anti-government demonstrations yesterday broke out in Kafue, 30 miles south of the Zambian capital of Lusaka, as violent protests against food price increases entered a third day.

Troops were sent in to restore order after rioters looted shops. Detainess were held in the town's stadium. A round-the-clock curiew has failed to curb violence in Lusaka, where President Kenneth Kaunda has been meeting advisers.

At least 20 people have died in riot-ing, according to hospital officials, and many more remain critically

In the capital large crowds, delying the curiew imposed on Tuesday night, gathered in several outlying town-ships shouting anti-government slo-

SOUTH KOREA is making considerable progress towards reducing the production of counterfeit goods, a government anti-counterfeiting organisation

anti-counterfeiting organisation claimed yesterday.

Mr Kim Chulsu, commissioner of the Korea industrial Property Office (Kipo), which reports to the Ministry of Trade and Industry, said that "while we recognise that the problem still exists, we have reade a strong and some still exists.

nise that the problem still exists, we have made a strong and concerted effort to reduce fake products in both the domestic and international market and our perception is that the problem has substantially decreased".

Mr Kim's remarks follow a report issued earlier this week by Union des Fabricants (UDF), an organisation representing some of Europe's leading trademarks, which said that Korea had failed to limit the sales of fake products and which urged a series of new mea-

combatting counterfeit goods

gans and calling for President Kaunda to resign.
For several hours automatic gunfire

could be heard in two of the biggest tromblespots — the neighbouring townships of Muthendere and Kalin-galinga — where some of Lusaka's poorest people live in makeshift

There was an earle silence in the city's main business district as most people respected the curfew and stayed at home.

Thousands of township residents attacked and looted several commercial farms about 15 miles east of the centre of Lusaka. Security forces rescentre ut Lossaca. Security forces res-cued several families. Officials are worried that, as most shops have already been looted and food supplies are unobtainable, mobs

sures to combat the problem.

According to Kipo, there has been a sharp increase in the number of seisures of counterfeit products. The organisation says that whereas 8,257 articles were confiscated in 1988, 153,250 items were confiscated in 1989 and 186,541 between January 1 and June 20 in the current year.

in the current year.

The increase is attributed to intensi-

fied control over the manufacturers and the main distributors of fake goods.

Kipo, which estimates the annual value of domestic sales of counterfeit products at over \$100m, also said that it is pressing for stiffer sentences for those convicted of such offences.

But the UDF argues that while the number of seizures and raids on coun-

terfeit producers has increased, there has been little impact at the level of

may turn on private houses in the Trucks of maize were brought into

Lusaka under army escort. However, supplies for the security forces, many of whom have been on duty through-out the unrest, have been given prior-

police spokesman said 550 people had been arrested during the first two days of rioting. A team of investiga-tors was "screening" detainees to find out who were agitators. Innocent peo-Kitwe and Ndola, two important

copper mining towns, remained peace-ful yesterday.

Mobs had thrown stones at passing vehicles on a main road near Kitwe on Tuesday and a government shop was looted.

South Korea claims successes in **US Peace Corps to** leave Philippines

WASHINGTON is to withdraw all 261 of

the American Peace Corp volunteers from the Philippines following intelligence reports the US Peace Corp would be the next target for communist The aid workers live and work for 12

months or more in communities in far-flung parts of the archipelago. Some of the areas are under the influence of the communist New People's Army who have always been lukewarm to the vol-

have always been inkewarm to the vol-unteers' activities and have accused some of being spies.

A US official, announcing the suspen-sion of the Peace Corp programme, said the move was regretted but necessary given the seriousness of the threat and the volunteers' extreme vulnerability in the remote countryside.

The bulk of the volunteers have arrived in Manila, having been ordered

Sudan are attempting to reduce the national market orientation of their investment flows by creating export processing zones, but none have yet succeeded in attracting any significant By Greg Hutchinson in Manila. Amnesty accuses Sudan

military of torture

THE Sudanese military government, which seized power from the civilian administration in a coup in June last year, has been accused by Amnesty International of using torture, Michael Religious provides Holman writes.

In the past six months over 60 prisoners have been tortured in secret interrogation centres in Khartoum, the London-based human rights organisation said in a statement yesterday. Since the coup "hundreds of political opponents have been detained and many others have been executed," Amnesty alleged, adding it has details of over 200 political leaders, trade unionists. cal leaders, trade unionists, academics, and lawyers held without trial.

Rulers keep wary eye on Malaysian labour reform A rapid growth in the workforce could see unions increasing their power, writes Lim Siong Hoon

fax (0993) 813244, The Rookery. Oxon OX17 3NA, UK

THE CAMBODIA TRUST

Roland Joffe, Director of 'The Killing Fields' asks:

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carefully targetted projects: 1. 200 amputees a month; a no longer wanted workshop to make

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3. The first two CB HF dial telephones to link hospitals £6,000 (\$10,200) [full scheme £30,000 (\$51,000)]. 4. PC IBM compatible computers using Klamer alphabet -£1,000 each (\$1,700). Good used machines welcome.

5. There is an urgent need for prosthetists.

UK Registered Charity No. 802972.

rejected worker demands to join a national union. The staff went on strike to press their claim and to try to secure the reinstatement of eight colleagues dis-

missed earlier. The workers have now returned to work without any changes to their terms of employment. Although Ritachi had wanted to use the rehiring as an opportunity to cut wages, it has now backed off this proposal at the

Government's prompting.

But there will be no membership of a national union and the rehired workers are being required to sign prepared letters apologising for the strike. About a dozen of the workers, presumably strike organisers, are not being rehired.

Watching closely over the tussle is

ITACHI, the Japanese consumer products group, sacked 1,000 workers at its Malaysian by changing features in the economy. The labour force of 7m is growing at 3 per cent a year, with fewer than 10 per cent of workers unionised. Privatisation of government-owned enterprises could boost this number.

The unions have been increasing their political clout and several leaders of the Malaysian Trades Union Congress (MTUC), an umbrella body grouping 138 unions and 500,000 members, have formed an alliance with political opponents of the Govern-

Malaysia is embarking on rapid industrial growth; investment already in place includes M\$12bn (£2.5bn) approved last year and M\$17bn cleared in this year's first quarter. This covers steel and chemical production and consumer and industrial products. Up to 1m jobs would result from rapid manufacturing growth. from rapid manufacturing growth.

The electronics industry, largest of the manufacturing employers, has more than 100,000 people on its payroll, most of them engaged in labour-intensive chip assembly operations.

In pioneering or vital industries man as electronic the Commenced such as electronics the Government favours no-union status and, alternatively, in-house unions. As companies are left to define for themselves what constitutes an electronic, as opposed to an electrical, component they have

considerable room to determine the kind of union allowed on their prem-

In-house unions have been established in a handful of companies, including RCA, Siemens, Mitsubishi and Thomson. Workers who insist on a national union turn to the Electrical industry Workers' Union (EIWU). Hitachi became the latest arena for the EIWU to test its appeal, and the

definition of electronics. The Human Resources Ministry then entered the fray as a friendly arbiter, blaming "outside interference" for triggering the strike. Hitachi was encouraged to "give and

I nion militancy is a rarity in Malaysia, where vigorous employment laws and periodic collective agreements, pegging wage scales to price indenation, have contributed to a relatively strike-free environment.

Between January and June last year peninsular Malaysia recorded seven strikes and 5,000 working days lost. During the 1965 recession the comparable figures were 22 strikes

and 35,000 days lost.
Yet there is a fear, among even liberal economists, that industrial restructuring would lead to the kind of militancy evidenced at Hyundai factories in South Korea.

Paradoxically, the calls for wage and labour reforms have focused on models in Japan, South Korea and Taiwan – the main sources of Malay-

sia's foreign investments.

One aspect of wage reform requires the dismantling of existing methods for a flexible, or "flexi-wage," system based on a company's ability to pay.

The present contractual mode of annual increments and harmonic increments. annual increments and bonuses is considered too rigid. It provides companies with no flexibility to cut wage cost during a slump; in the 1985/86 recession, for instance, wage rates rose by 13 per cent while product prices fell by 10 per cent.

The Malaysian Institute of Economic Research, a private think-tank group whose ideas have increasingly gained currency among policy-makers, argues that a flexible wage system would have stemmed a rise in unemployment levels.

So far, however, flexi-wage has remained a theoretical model for man-ufacturing companies. The MTUC remains suspicious of it, seeing the disadvantages stacking up against their blue-collar members.

A form of flexi-wage already exist

in the plantations, where tappers rank as one of the country's poorest groups. This is "living proof" of an unequal system, unions claim.

Nevertheless, the Government seems determined to push the idea

through by setting its own example.

Last week the Finance Ministry announced the system would be introduced in future privatised enterprises. By doing so the unions suspect that reform proposals could evolve into policy which, in Malaysia, effectively becomes law.

becomes law.

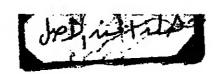
Flexi-wage has the far-reaching consequence of passing the risks of cost and price fluctuations to workers. But unions will face pressures to relent if the Government can foster the belief that more jobs can be saved during recessions.

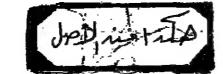
A series of meetings are to be held later this year among representatives of the Government, employers and unions to discuss these reforms.

Dr Mahathir Mohamad, the Prime Minister is given to the offence. Dr Mahathir Monamad, the Prime Minister, is already on the offensive. On June 17, a day before the Hitachi strike broke out, he told a rally that industrial strife benefited no one. The future of more investments and more interesting and more interesting. jobs depended on an acquiescent

labour force. His Government faces a general election with a booming economy but persistently high unemployment rates, hovering near 8 per cent since

Full employment, Dr Mahathir said, was within reach. Jobs would be created not by unions but by the Government. Employers like Hitachi believe jobs are created solely by companies.





Milken to

be probed

further by

the FDIC

Drexel Burnham Lambert, the

The new task force will will consider possible criminal referrals to the Justice

Department.

Mr Aldred Byrne, YDIC general counsel, said it and Resolution Trust Corporation, the agency set up to handle the rescue of the US savings and loan industry, might be among the largest creditors in the Drexel hankruptcies.

Mr Milken, who will be sen-

Mr Milken, who will be sentenced this antumn, agreed in April to pay \$800m in fines, and pleaded gailty to five securities law charges and to me herome tay charge.

By Alan Friedman

in New York

320% again Bush draws up Latin American recovery plan

By Lionel Barber in Washington

president George Bush has drawn up an economic plan for Istin America, which looks to increased trade and foreign investment to help the region's heavily indebted economies.

The initiative aims to blunt Latin American criticism of the debt reduction plan named for Mr Nicholas Brady, US

for Mr Nicholas Brady, us for Mr Nicholas Brady, us Treasury Secretary.

It is also intended to counter fears that the US has become too preoccupied with Europe at the expense of its own southern neighbours, many of which have recently returned to rule by democratically elected governments.

The White House made publications and the second sec

The White House made pub-lic yesterday some of Mr Bush's prepared remarks Bush's prepared remarks before a keynote speech on Latin America later in the day. "Prosperity in our hemisphere depends on trade, not aid. And prosperity requires more, not less, of an economic partnership," Mr Bush said. In line with the administration's general approach to for-

tion's general approach to for-eign aid, Mr Bush was expected to call on Japan and the European allies to become

The new measures - which follow a three-month interagency review - are intended to supplement the debt reduc-tion strategy put forward last year by Mr Brady.

year by Mr Brady.

The Brady plan placed more emphasis on offering relief for heavily indebted foreign countries, mainly in Latin America.

The Philippines, Costa Rica — and most notably Mexico — have negotiated agreements under the Brady plan. Venezuela is doing so.

But other hig debtors, such as Brazil and Argentina, are a long way from qualifying for treatment under the Brady plan. Also, the administration is sensitive to criticism that its preoccupation with combating

preoccupation with combating drug-trafficking in and beyond the region has distorted its

overall policy.

Discounting narcotics-related aid, US assistance to Central and Latin America is declining, despite the recent special assistance to Panama and Nicaragna. and Nicaragua.

This is due to budgetary con-straints in the US, as well as the continuing favoured status of countries like Israel, Egypt, Pakistan and the Philippines.

AMERICAN NEWS

US keeps the comrade at arm's length

Lionel Barber assesses a mixed reception during Nelson Mandela's Washington visit

URING his three days in Washington, Mr Nel-son Mandela was of South Africa's first postapartheid government. He spoke to a joint session of Con-gress, he had a three-hour Insurance Corporation (FDIC) in the US is to launch a new probe into the affairs of Mr Michael Milken, the billionaire former funk bond innovator at audience, plus lunch, at the White House, and his motorcades were almost as long as

President Gorbachev's. But, on his way yesterday to Atlanta during his 12-day US Drexel Burnham Lambert, the New York securities house, who admitted in April he was guilty of six federal felonies.

The FDIC said yesterday it was forming a special task force, as part of increased efforts to recover millions of dollars lost by depository institutions in junk bond deals with both Mr Milken and Drexel.

The new task force will will tour, the 71-year-old deputy president of the African National Congress must have known that, for all the cour-tesy and bonhomic, President George Bush is no soft touch. On the issues of importance

on the issues of importance to Mr Mandela – sanctions against South Africa, financial assistance to the African National Congress, and the validity of violence in the struggle against apart-heid - Mr Bush gave not one

He made clear he would continue to press the ANC (as well-as all other parties to the conflict) to renounce violence. He informed the black nationalist that the US would not directly fund the ANC. Also, he rejected Mr Mandela's appeal to be consulted on when to remove sanctions against South Africa. The President's only promise was to consult Congress, in line with the pro-visions of the 1966 Comprehen-

sive Anti-Apartheid Act. Mr Mandela appeared suffi-ciently joited by Mr Bush's call for an end to violence that he took the unusual step of repri-manding the President for being inadequately briefed on conditions in South Africa. For Mr Bush, an old CIA hand who prides himself on reading his intelligence briefs, this was an

Washington was always going to be the most difficult stop on Mr Mandela's schedule, partly because of Mr Bush's declared desire to show a gesdeclared desire to show a ges-ture of support for the reform-ist South African President F.W. de Klerk. Besides, no US president is likely to feel com-fortable embracing a left-in-clined head of a liberation movement such as Mr Mand-ela, still less a man who calls President Fidel Castro, Colonel Muammar Gadaffi and Mr Yas-sir Arafat "comrades in arms".

Mr Mandela did his best bridge the divide. The former boxer spoke on Monday night of his admiration for Joe Louis, the black American heavy-weight boxing champion who had been given a chance to rise to the top of his profession. He described the private sector as "an engine of growth" and declared that the ANC had no ideological position which dictated a policy of nationalisa-

tion.
In his speech to Congress,

Mr Mandela likened his battle against apartheid to the fight for justice pursued by George Washington, Thomas Jefferson, Abraham Lincoln and Dr Mar-tin Luther King. The applause flowed, but more memorable was the silence as Mr Mandela, too didactic, sought to educate members on the history of the

struggle.
"This was a big opportunity missed," said one informed African observer in Washington, "Mandela had the chance to make a big sales pitch for financial aid, and be falled to

ongress has already set aside about \$10m of taxpayers' money this year to be dispensed by non-govern-mental US organisations, such as the National Endowment for Democracy, to help black South African groups. The key condition is that such groups "suspend violence in the context of negotiations". By promising an imminent "cessation of hostilities", Mr Mandela may have done just enough to qualify for indirect aid.

This week, he spelt out that "a cessation of hostilities" would occur once the de Klerk government had removed the remaining obstacles to negotia tions on a new constitution. These include return of 20,000 political exiles, release of 1,000 political prisoners, repeal of repressive legislation, and full removal of the state of emer-

Although Mr Mandela expressed confidence on this point, many observers believe such an agreement with the Pretoria government could be several months away.

Assistant Secretary of State for African Affairs, conceded this week that a deal on political prisoners, coupled with the lifting of the state of emergency in the province of Natal, would be enough to allow Mr Bush to recommend suspending or

Under the Anti-Apartheid Act, the US Congress has 30 days to consider such a recom-

Unless, within that period, the House and Senate were to pass a joint resolution against the President's recommendation, he would have the authority to modify or suspend the sanctions (which include a ban on new US investment, a ban on imports of certain commodi-ties and on air links between the US and South Africa).

A question causing more than a little nervousness at the State Department is: What hap-pens if reform in South Africa moves more rapidly than expected? What happens to the bipartisan policy with Con-gress on South Africa once the common enemy of apartheid is

removed? Most important of all, has Mr Mandela's trip changed the equation?
Only Mr Bush and his friend
Mr James Baker, US Secretary of State, can deliver the answer. Much will depend on their calculation of whether Congress will tolerate support for Pretoria, and how accept-able that would be in this Con-

US growth firm as leading indicators rise

Department yesterday reported a strong May rebound in the index of leading indicators, Reuter writes from Washington. The index rose 0.8 per cent last month, following a revised 0.1 per cent drop in April. The May increase was bigger than most economists had expected. The latest evidence of faster growth probably means the Federal Reserve Board will maintain a policy of containing

inflation, financial analysts The Department said the May rebound stemmed from an increase in the length of the work week, higher prices for raw materials and increased

orders for consumer goods. The rise in the stock market in the month was the other main positive influence, and rately forecast the index. Last week the department reported a strong rise in orders for durable goods - manufactured items meant to last three years or more. The economy grew at a 1.9 per cent annual pace after inflation between January and

The index's 0.8 per cent May rise suggested that a decline in manufacturing has ended and the risk of recession has sub-

But despite recovery in the industrial sector, persistent sluggishness in consumer ing means the economy is not out of danger, analysts

Say.

The strongest negative in the May index was a drop in consumer expectations about the economy's outlook, a signal

Shell Chile under fire over toxic waste

By Leslie Crawford in Santiago

CHILEAN environmentalists have denounced a toxic waste dump in the Atacama desert which threatens to pollute the water supplies of the city of Antofagasta and to contami-

Antofagasta and to contaminate the Pacific Ocean.

According to the National Committee for the Defense of Flora and Fauna (Codeff), Shell Chile has used the site, located about 30 miles south of Antofagasta, to dump by-products from the manufacture of chemical reagents for the mining ical reagents for the mining industry for the past 10 years. The waste material was not

sealed in containers, but poured directly into a pit. When Mr Guillermo Soublette, one of Codeff's directors, dis-covered the site by accident last week, he found a red, transparent liquid floating about 20 inches from the sur-

Shell Chile says the waste material is composed of organic chemicals which pose no health hazard. The com-Pany says that the dump was authorised by Chile's National Health Service. According to Mr Soublette,

however, no chemical analysis has been carried out on the site. More than 25,000 tonnes of waste have been deposited in the course of 10 years and this could have percolated down to underground water seams which run from the Andes to the Pacific. Shell Chile says there is no

reason to believe that these subterranean water channels have been contaminated, but that it has not carried out any geological survey of the area.
Shell has promised to study
the possibility of recycling the
waste material.

Mr Soublette says several nearby industries draw water from underground wells.
Last September, Codeff
brought a legal protection suit
against Pacific Chemical, a Canadian company which planned to export the filings of steel mills, which contained lead and zinc, for burial in

As a result, the military government issued a decree pro-hibiting imports of toxic sub-stances from industrialised countries or their recycling.

Contra leaders hand over weapons

By Robert Gibbens in

constitution

Quebec

starts on

QUEBEC has begun work on its own constitution to lay out terms for future relations with Canada, Mr Gil Remillard, the Justice Minister said.

But he told the Patronat, the employers' organisation, that Quebec still sought a federalist solution to the country's problems following the failure of the Meech Lake Accord. The new federal link, he said, would be enshrined in Que-

bec's own constitution. However, Quebec business leaders, including those who strongly backed Premier Robert Bourassa's attempt to have Quebec declared a "distinct society" and to gain more powers over culture and immigra-tion, said they wanted Quebec to remain part of Canada and to concentrate on solving eco-

nomic problems. They also want Quebec to lorge closer ties with Ontario, its largest trading partner.

By Tim Coone

in Managua

THE ENTIRE leadership of the Nicaraguan Contra rebels, handed in their weapons to UN troops yesterday, so complet-ing the demobilisation of their army which was founded and sustained for almost nine years by the US Government.

The Contra military chief,
Mr Israel Galeano, otherwise
known as Commandante
Franklin, said "the war in Nicaragua is over."

Almost 20,000 Nicaraguans have been formally registered as demobilised rebels by the UN, although many of these handed over rusted, inoperable

The effective Contra fighting force was estimated to be closer to 12,000 troops. Sixty-two surface to-air Redeye" missiles, the most lethal weapons in the Contra armoury, were decommissioned on Tuesday.

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PROPOSALS for new nuclear power stations will soon be presented to British Nuclear Fuels, the state-owned nuclear sing company, by the world's leading power plant

BNFL said yesterday Mitsubishi of Japan, Westinghouse of the US, Framatome of France, Asea Brown Boveri, the Swedish-Swiss group, and

KWU, a subsidiary of Siemens of West Germany, are expected to submit proposals by about the end of August.

that its feasibility study was for a plant worth about 300hn Yen. Mitsubishi has yet to decide whether to propose one 1,200 megawatt reactor or two 600 MW reactors, but it will

developed for Japanese power

Mr Derek May, BNFL's director of corporate development said yesterday that the com pany was seeking a reactor ign which was well proven in other parts of the world "There isn't exactly a glut of orders around the world at the moment, so all the big suppli-ers have shown an interest.

launching electricity privatisa-tion)," said Mr Wakehan in a letter to the energy committee, which also criticised the report

which also criticised the report for containing "unjustified per-

However, Lord Marshall, who resigned as chairman of the Central Electricity Gener-ating Board in November after the collapse of the attempt to

privatise nuclear power, was also strongly critical of Mr Par-

"I told Cecil Parkinson right

at the beginning of the privati-sation process that if he adopted his particular scheme for privatisation, he would be forced to kill off nuclear

power," said Lord Marshall.

A row broke out yesterday at a press conference held by the

select committee to present its

report, when two Conservative MPs, Mr Malcolm Moss Moss

and Mr Michael Stern, dissociated themselves from the para-

graphs criticising Mr Parkin-

on the committee had removed an attack on Mr Parkinson for

behaving in a "dilettante"

manner from an earlier draft of

The Conservative majority

Ministers face attack over N-power privatisation

TWO CABINET Ministers, Mr Cecil Parkinson and Mr Mal-colm Rifkind, were severely criticised yesterday by the Conservative-dominated Commons Energy Committee for mishandling the attempt to pri-vatise Britain's nuclear power

Its report on the cost of nuclear power, published yes-terday, contains one of the sharpest attacks on Government incompetence ever issued by a select committee

The report is scathing about the long-term failure of the Department of Energy to monitor adequately the costs of nuclear power.

It also criticises aspects of the advice on nuclear costs given by Kleinwort Benson, which remains the Energy Department's merchant bank for electricity privatisation. Kleinwort Benson refused to comment last night.

The need to subsidise nuclear power to the tune of 2900m a year through a levy on electricity bills, the creation of a less than fully competitive and the collapse of the pressur-ised water reactor nuclear pro-

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gramme are some of the conse-

quences of the Energy Department's mistakes identified in

the report.

Mr Parkinson was the Minister initially responsible for electricity privatisation until he was moved to his present post of Transport Secretary. The report says he made inadequate preparations for the privatisation, failed to obtain the necessary information, gave insufficient priority to nuclear issues and paid insufficient attention to the advice of his financial advisers. Mr Rifkind, responsible for electricity privatisation in Scotland as Scottish Secretary, committed similar errors and presided over the "inexcus-able" mistake of not trying to

the day. Mr John Wakeham, who abandoned the attempt to pri-vatise nuclear power last November after he had suc-ceeded Mr Parkinson as Energy Secretary, last night tried to rescue his predeces-

find out the true cost

nuclear generation until late in

"Cecil deserves real credit for his determined action (in

| CAA allocates £750m to boost airport safety

By Paul Ahrahams

MORE than 2750 million is to traffic control technology to improve passenger safety and cope with increasing traffic, the Civil Aviation Authority announced today. CAA chairman Sir Christo-

pher Tugendhat told a news conference: "Our aim is to improve safety as well as to increase capacity." The money will be spent

over seven-years in response to predictions that air traffic through London will increase by as much as 30% by 1995.

Mr Derek McLauchlan, director-general of projects and engineering, said he hoped to see an improved conflict alert system by the late 1990s.
This would detect 20 minutes

in advance aircraft likely to fly too close to each other. Presystems can give only a five-

imute warning. He forecast that air traffic controllers would soon have bigger and better radar disoigger and better radar ins-plays and improved computer back-up.

One of the most significant projects in the investment plan

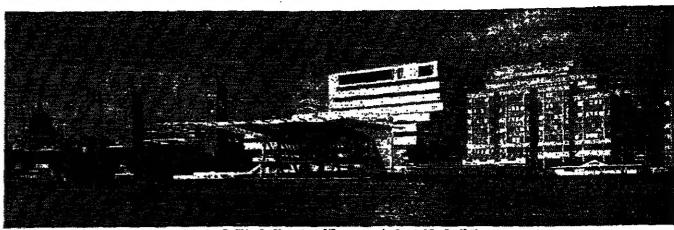
is the central control function (CCF) which is expected to increase the capacity of Lou-don's present aky lanes by using so-called "tunnels in the

Scottish radar programme and a new en route air traffic con-trol centre outside the CCF. This would cope with the pre dicted 40% increase in air traf-

fic capacity over the rest of Rugland and Wales by 1996. The CAA also spoke of the possibility of another London runway by early next century. More air traffic controllers will

also be employed.

Sir Christopher added that these investments were crucial to Britain, and called for a Europe-wide air traffic control



An artist's impression of the proposed City heliport, with present riverside buildings

Heliport storm over the Thames

THE PEACE of the City of London is being riven by heli-copter blades. The great and the good of the Square Mile are drawing up in opposing battle-lines to contest the right of a Hanson-led consortium to build a City heliport next to Cannon Street Station on the Thames.
Today the two sides opposing and proposing the heliport will clash at the City Corporation's Court of Common Council when it will decide whether cil when it will decide whether to give its assent for the the

eliport's construction.
The battle-order of the two sides is impressive. Lords, knights and gentlemen abound in the green corner, amongst others, is the seventh Lord Camoys, otherwise known as the deputy chairman of Barclays de Zoete Wedd (clubs: Boodle's and Pratt's); lain Vallance, chairman of British Telecom; the benchers of the Honourable Societies of the both the Inner and Middle Temple; the liverymen of the Worshipful Company of Fishmongers; and those of the eco-logically somewhat doubtful

Tobacco Pipe Makers and Tobacco Blenders. In the other corner is a con-sortium called City of London

Heliport, led by among others, Lord Hanson (clubs: Brooks's, Huddersfield Borough) and Sir Kit McMahon, chairman of Midland Bank, together with companies such as the Carroll Group, BAA, formerly British Airports Authority, and Trafalgar House. Their proposals are backed by worthy institutions such as the Stock Exchange, Lloyd's, the Confederation of British Industry and the Lon-

don Chamber of Commerce and Industry.

The decision today by the Court of Common Council will not be definitive. The Secretary of State for the Environment has called the matter in for a public inquiry. But City of Lon-don Heliport admits the coun-cil's decision will not beacademic and the Secretary of State is likely to note its advice. The City Corporation, which discussed the issue ear-lier this month, has recomnded the council to block

the heliport. pism are linked to environmen-tal and safety issues. Lord Camoys explains that the numerous take-offs and landings at the heliport would intrude heavily on buildings throughout the City. This would be particularly true in the old single-glazed halls of the City livery companies and in the inns of Court. City chairmen are now

talking apparently knowledge-ably about NNI - which the Civil Aviation Authority explains is a composite me sure of exposure to aircraft noise taking into account the average peak noise level and the number of sircraft in a specific period. Sir Gordon Booth, a director

of City of London Heliport, explains that after takin off the explains that after takin of the helicopters would fly along the river until they reached a height of 1500ft when they could fly directly to their destinations. He argues that at this height the amount of addiheight the amount of additional sound from the helicop-ters to the existing ambient noise is minimal. He says that a trial at the City of London School demonstrated there was

Naturally, those objecting to the scheme disagree. The Worshipful Company of Fishmongers recently carried out tests at its hall, the results of which it describes as disastrous. Apparently, conversation became A further objection is the question of safety. British Tele-com has pointed out that the beliport will be right next the company's international exchange. If an accident were to occur, the City's overseas communications could be

severely disrupted. Sir Gordon says the risks of accidents are minimal. The aircraft which would be used at the heliport are twin-engined. Similar helicopters have opersted at the Battersea helinori for 31 years during which there

have been only four incidents, none of which was fatal. Busy heliports already operate in New York and Paris. But those in the City gleefully expecting to use the heliport to whisk them off to Heathrow or Epsom over London's undoubted traffic problems may be disappointed, however. One accusation that can successfully be leveled at the proposed heliport is elitism. The directify which would be aircraft which would be licensed to operate from Cannon Street are normally configured to carry a maximum of about six passengers. With only about 20 take-offs and landings each working day, there will be room for a few Lords, the odd knight, but few ordinary ladies and gentlemen.

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Elf enters industrial gas market

BLF Aquitaine, the French so far proved fruitless, with state-controlled oil group, has indirectly entered the UK gas either to British Gas or to state-controlled oil group, has indirectly entered the UK industrial gas market by acquiring a 45 per cent stake in Associated Gas Supplies (Agas), which has been struggling to establish itself in competition to British Gas as a supplier to industrial and com-

Elf's presence as a large shareholder in the company looks certain to boost Agas's chances of successfully claim-

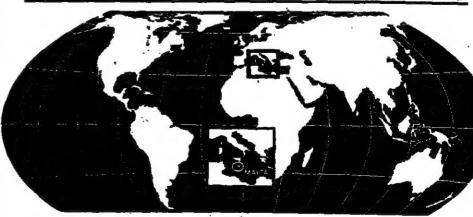
However, Mr Pierre Mous

nanaging director of Elf UK, said: "We could help them to have gas supply for their trade." Elf has a number of gas discoveries which could potentially be made available to Agas. Both Mr Moussel and Mr Alan Marshall, managing director of Agas, stressed that deals between the companies

a large, committed participent in the British market, would lend stability to Agas and Elf purchased the stake from

Hadson, the US energy com-pany whose business had come son was a founding share-holder with Associated Heat Services, which retains its con-trolling 55 per cent interest. Elf has spent hundreds of millions of pounds to expand

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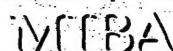
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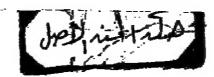
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ALLEGED LONDON SHARE DEALING RING

City brokers' records face scrutiny

Gentle note ends the Rover affair

Office.

Lucy Kellaway and Charles Leadbeater on the Brussels ruling

By Andrew Freeman

THE records of up to 15 different brokerage houses are being examined by the Serious Fraud Office and City regulators investigating an alleged share dealing ring connected to the collapsed Dunsdale Securi-

ties company.
The involvement of the SFO emerged yesterday as attempts to track down illicit deals intensified and further details emerged about the events which triggered Dunsdale's col-

The brokers, one of which handled a large proportion of Dunsdale's business in the months before its suspension were used by the investment firm to make its share transac-

A dealing ring is based around an agreement between employees of different securi-ties houses to pool price sensi-

ontrary to its billing, yesterday's long-awaited European Com-mission decision on Rover was

not the main event. In musical

terms it was the coda - the notes which bring a piece to a

That was how Sir Leon Brit-tan, the Competition Commis-

sioner, chose to present the demand that British Aerospace must repay £44.4m in state aid

granted illegally.

The main body of the music,

he said, was the Commission decision in 1988 to cut from

£800m to £469m the subsidy the

British Government was pro-

posing to pay Rover's new

Sceptics might argue that by

emphasising how tough the Commission's original verdict

cism from what many argued

was a soft decision yesterday. Many feel that Rover has got

off rather lightly.

The most doubtful part of Sir Leon's sums was the original price paid for Rover by British

Aerospace. In trying to prove that there could be no case for

demanding a higher payment,

Sir Leon seems to have used

satisfactory close.

on Rover was, Sir Leon was

tive information for the pur-pose of making illegal trading is in breach of City securities is in breach of City securities

City regulators are concentrating their investigations on a handful of individuals, at least two of whom were recently suspended by their City firms - the Swiss Bank Corporation and Barclays De Zoete Wedd.

However, there is considerable confusion over how far the Serious Fraud Office would be able to pursue any individuals involved with accounts held by Dunsdale. In particu-lar, it is not clear whether existing insider dealing laws cover the alleged deals which involved a technique known as front-running.

This is where parties deal in the market knowing that a large transaction is about to occur which will move prices

ing out of the hat a surprise extra £40m British Aerospace might have to repay some time

This amount turns out to be

uncontroversial, simply repre-

senting an estimate of unspent aid paid against the restructur-ing of Leyland/DAF trucks.

Regardless of the exact sums, the Commission's seven-month inquiry into

Rover/BAe has demonstrated

the difficultly of establishing

objective valuations based on sealed bids.

The whole experience is one Sir Leon does not seem anxious to repeat. "I personally would not be enthusiastic about calculating state aid in the future on the basis of closed deals," he said.

With the touchy matter of undervaluation resolved — no doubt to the great relief of the Government and British Aerospace — the remaining area of

space - the remaining area of potential dispute will be over

the notional benefit of defer-

ring the £150m purchase price from July 1988, when it was due to be paid, to March 1990. The National Audit Office

and the Government value this

deferral at £22m, but the Com-mission argues that it never

The whole experience is one

regulations, officials say it might not be enough to bring charges.

The individual who left Swiss Bank Corporation last week was Mr Gareth Robertson, the former director of the bank's equities group. Regula-tors from The Securities Association have questioned him concerning allegations over share dealings connected with Dunsdale. Mr Roberston is in France according to neigh-bours and not available for comment. The TSA would not

Sources close to the bank said Mr Robertson introduced SBC to Dundsale Securities. As a result of subsequent dealings, SBC lost around £1.1m which it is trying to recover.

account in calculating these benefits, and is insisting on its figure of £33.4m. The Govern-ment is not likely to contest if.

Meanwhile, Sir Leon may have to put up with some com-plaints of partiality, but at

least he can reply that his demands are not as weak as all

that. He is asking for more back than the £38m sweeteners found by the National Audit

The repayment of £44.4m will have little impact on Brit-ish Aerospace's finances. The

higher borrowing needed to

make the repayment would account for just 2 per cent of

profits. Even if BAe has to

repay the further 240m, analysts say it will have acquired

manufacturer, valued Rover at £520m, while Ford initially cal-

culated it would have been pre-pared to pay between £400m

The Commission's insistence that BAe should not be given

favourable tax treatment is

unlikely to significantly increase its tax bill.

etails of the Rover joint venture with Honda,

the Japanese motor

the car company cheaply.

are looking at a deal in which SBC purchased 1.6m Reuters shares from Dunsdale which later went badly wrong.

The transaction involving the Renters shares may have precipitated the collapse of Dunsdale when the firm could not pay for the losses. The failure to pay alerted SBC to Mr Robertson's involvement.

However, SBC said it had no

The Investment Managers Regulatory Organisation (IMRO) is separately making inquiries into the case of a senior fund manager suspended by Barclays de Zoeta Wedd Asset Management Mr Beland Smith den ment. Mr Roland Smith, dep-uty chief executive of IMRO

aspects of the ruling are unlikely to have any long term impact on BAe, it may affect the character of its relations

with the Government as it

copes with declining military

straining the company's rela-tions with the MoD and the Commission's ruling is a signal

that it will take a close interest in the state aid involved in pri-

vatisation. That may force the

Government to make its rela-tions with BAs more transpar-

ent. One of the most important

consequences may be to force the Government to reconsider how it handles the sale of state

corporations to private bidders, probably ruling out sales in which a bidder is awarded

which a bloder is awarded exclusive negotiating rights. There will be much closer scrutiny of profits forecasts, the valuation of land and minority shareholdings, all of which the National Audit Office says

were underestimated in the

But the defence cuts are

BRITAIN IN BRIEF



Overseas companies spend £5bn

almost £5bn on UK-based acquisitions during the first quarter of the year — easily outstripping the £2.7bn expenditure by UK companies on foreign transactions. The figures confirm the

growth in UK acquisitions by non-domestic companies - a trend which appears to have been stimulated ahead of the "1992" harmonisation measures in Europe. That development has stimulated interest both from Continental European purchasers and from US/Japanese buyers. In the past three years, according to Central Statistical Office figures, acquisitions in the UK by overseas companies have totalled £2.7bn, £5.7bn

and then £11bn respectively.
According to figures
published yesterday by the CSO, buyers from the Buropean Community accounted, by value, for about one-quarter of the £4.8bn cross-border deals in the UK. They struck 12 transactions, with a value of £1.35bn with a value of £1.36bn.

Labour seals reform package

The opposition Labour Party, led by Mr Neil Kinnock, last night set the seal on a package of internal reforms intended to vanquish, in the run-up to the next general election, the old image of an undemocratic party firmly in the grip of the trade unions.

They are intended to lead to a more deliberative form of policy-making and gradually to reduce the influence of the unions in favour of individual The reforms are among the

most fundamental since the party's constitution was written in 1918 and will go to Labour's autumn conference for approval.

Mr Neil Kinnock believes that the overhaul of the policy-making machinery rank equal in importance alongside his party's policy review and his grip on the ruling national executive committee has enabled reforms previously considered unthinkable to win majority support. The NEC voted for the changes by 21-3.

He said vesterday said the proposals represented "an excellent step forward, both for democracy in the Labour party and effectiveness of our process of policy development".

Though there is concern among the trade unions among the prospect of a diminishing voice in policy-making, Mr Kinnock has managed to win the backing of many by drawing them into the dialogue on proposed changes.



Kinnock: backs reform

US touts at Wimbledon

Wimbledon officials yesterday held talks with their lawyers to find ways of stamping out American crime rings believed to have moved in on the tournament's ticket touting

bosiness. Criminals squeezed out of New York where touting has been banned by tough legislation have moved to England where legal restrictions are more lax,

They say it is not just Wimbledon that attracts American crime syndicates.

Doctors plan offensive

Doctors leaders decided yesterday to launch a summer offensive against the Government's health reforms to coincide with the changes becoming law.

The National Health Service and Community Care Bill is about to receive the Royal Assent, probably tomorrow. But delegates to the British Medical Association's annual conference in Bournemouth yesterday affirmed their determination to maintain opposition to the plans as the Government prepares to implement them from next

April.

The BMA has already spent £2.5m in a campaign of opposition to the reforms.

Lloyd's makes £509m profit

The £509m pre-tax profit made by Lloyd's of London, the insurance market, in 1987, results which under Lloyd's three year accounting system were announced yesterday, shows that the 300 year old institution, often denounced as obsolete, can still produce large rewards for its 28,386

For a Lloyd's member with a £10,000 commitment to an aviation syndicate in 1987, at a time when aviation insurance rates were high, yesterday's results means a profit of £2,080. Given that the £10,000 underwriting commitment may be invested elsewhere the member or Name" effectively uses his money twice.

SE information under attack

A sharp attack on the Stock Exchange's monopoly of market sensitive information was delivered yesterday by Sir Gordon Borrie, Director General of Fair Trading.

The exchange had "significantly restricted, distorted and prevented competition" in the market for company news, he said. In a report to Mr Nicholas Ridley, Trade and Industry

Secretary, Sir Gordon said the exchange was able to exploit its privileged early access to information acquired for regulatory reasons to build up a dominant position in the company news market through Topic, its news service. Sir Gordon noted that the exchange had not set out to

be anti-competitive and was proposing arrangements which would be introduced at the end of this year. He was also

concerned about the cost of the new plans and delays in introducing them.

Minister backs Italian tactics

The tactics used by the Italian police to deal with English football hooligans at the World Cup were strongly defended yesterday by Mr Colin Moynihan, the Sports Minister, following Labour accusations that innocent people had been among those

arrested. Mir Denis Howell, the shadow Sports Minister, bad complained that it was a disgrace the Italian police had arrested people miles away from any incidents.

After the worst outbreak of hooliganism in Rimini, 247 England supporters were



Colin Moynihan

deported by the Italian authorities. However, Mr Moynihan

congratulated the Italian police on their "tough, swift and effective" actions.

Warning on telecoms market

The Government was warned yesterday against introducing too much competition into the telecommunications market. Sir Bryan Carsberg, the Director General of the Office of Telecommunications, said yesterday that competition in the UK could "decrease the

value for money." Sir Bryan's said in the annual report of Oftel, the industry's regulatory authority, the Government would have to weigh up the advantages of improved efficiency that competition would bring against the economies of scale.



the free market

erating in their self-interest.

ON JUNE 12, the US Court of insider trading, Rule 14e-3, Appeals in Washington DC which is also an anti-fraud decided unanimously that the Securities and Exchange Commission had overstepped its statutory authority in issuing Rule 19c-4, which, in general terms, prohibited a publicly traded company from issuing shares that would impair the voting rights of public common stockholders. The court referred to the SEC's rule as a bad gamble.

Share voting is in itself a very important issue. However, the significance of this decision goes far beyond share voting. First, there are several other instances where the SEC's statutory authority to issue an important rule is in question. The SEC's statutory authority to issue Rule 14d-10, which requires equal treatment of tar-get shareholders in a tender offer, can be questioned on the same grounds as the court applied to Rule 19c-4.

Furthermore, in May, when the US Court of Appeals in New York reversed a criminal conviction for insider trading by a two to one majority." one of the two judges in the majority said that the SEC had exceeded its statutory authority in issuing Rule 14e-3 which prohibits insider trading in onnection with tender offers. Unlike Rule 10b-5, the SEC's

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rule, attempts to impose liability for insider trading even when there has been no breach of fiduciary duty.

Second, the court's decision on Rule 19c4 is an excellent example of the SEC's troubles with the conservative federal judges appointed by Presidents Reagan and Bush. These judges lean toward strict interpretation of statutes: statutes mean what the words say. Moreover, conservative judges leaving as much as possible to markets and individual states.

In its Rule 19c-4 opinion, the court said that it had been the intent of Congress that the main business of the SEC under the Securities Exchange Act of 1934 would be disclosure. Corporate governance in particular, the court said, is out of bounds.

The SEC argued that its responsibility to oversee stock exchanges, other national capi-tal markets and the solicitation of shareholder proxies is broad enough to encompass the issuance of rules that regulate shareholder voting.

However, in the court's view, if the SEC could use this theory to justify Rule 19c-4, the outcome would be that the SEC could "establish a federal corporate law by using access

to national capital markets as In the mid-1980s, several public companies took advantage of flexible state corporation laws and competition among stock exchanges and computerised and

over-the-counter trading systems, to reorganise them-selves to give some shares of common stock more voting power than others. Three large family-controlled

newspaper businesses, for example, the parent companies of the New York Times, the Washington Post and the Wall Street Journal, all perfected dual common stock voting strictures to assure continued structures to assure continued family control. Hershey Foods, General Cinema and several other prominent industrial companies joined in what became a controversial antitakeover trend.

Most of these companies

sought and obtained prior approval from publishare-holders for their recapitalisations, usually in exchange for a slightly higher dividend. Egged on by institutional investors, the SEC took steps in July 1988 to end this compe-

tition by adopting Rule 19c4.
However, the SEC's statutory
authority to issue the rule was
questioned from the start,
including by one of its own

ing a harmonious bargain that benefited both shareholders The rule that was finally adopted was a compromise. It prohibited a public company from issuing shares that diluted the voting rights of outstanding public shares but it did not interfere with compaand the control group.

According to the SEC, and other studies, these companies tended to be unusual. They had much higher insider hold-ings than other companies; nies that already had a dual common stock voting system showed, on the average, superior performance before the recapitalisation; and their share prices increased after the in place. Nor did it stop compa-nies that were becoming public for the first time from selling low-vote shares to the public. By restricting the freedom of shareholders and managenew voting plans were announced. When large non-monetary benefits can be ments to make their own conobtained from control, maxitracts, the rule reversed the Reagan Administration SEC's usual position of deference to mum share price may not be the owners' first concern.

Owners of a family-conowners of a family-controlled newspaper, for example, may regard the paper as a means of furthering their political philosophy and desire for public service. The newspaper may also provide congenial employment for some family Many ardent free market proponents, however, applanded these restrictions on the ground that in this instance shareholders needed protection from themselves. Incongruously, this is the same argument that target boards use to justify defensive tactics in takeovers. The main point of the argument is that coercive members and social prestige for others. When the newspaper becomes a public company, the family may, therefore, be willing to sacrifice some ecoincentives sometimes can pre-vent shareholders from co-opnomic return to assure their continued control. The public shareholders are left with the bargain they made.

Although the court struck down Rule 19c4 for lack of statutory authority, the SEC's policy behind the rule is not beyond question. Companies which adopted dual class voting systems, with shareholder If the change in voting rights occurs after there are public shareholders there still does not appear to be any ground for complaint. The public shareholders knew about famroval, may have been forgily control when they bought

their stock. But, under Rule 1904, once the company had public shareholders it was too late to change its voting structure - or so it seemed.

Surprisingly, however, only a month or two ago, the SEC gave its approval to a dual class recapitalisation for Playboy Enterprises, which was already listed on the NYSE. Mr Hugh Hefner, who owns more Hugh Hefner, who owns more than 70 per cant of the company, voted his shares in favour of the recapitalisation; the public minurity was given no voice in the decision. Considering that ruling, one wonders why the SEC was so easer to have Rule 1904.

It appears unlikely that the SEC will seek a Supreme Court review of the Court of Appeals' decision. The chances of success with that quite conserva-

necasion. The chances of success with that quite conserva-tive court appear slim. There is also a risk that the Supreme Court might say something in its opinion that could cause the SEC extra damage.

Unless the Administration unless the Administration and Congress can be persuaded that a statutory change is desirable, a federal one-share-one-vote rule is dead. With scepticism about hostile take-overs so widespread, the chances of quick action by either the Administration or Congress appears remote.

Congress appears remote.

Relief from the individual states is even less likely. They

have never shown an inclination for a rigid one-share-onevote rule. Nor is this the time to expect pro-takeover legisla-tion from them.

None the less, it appears highly unlikely that there will be a rush by companies to two classes of common shares. The device is suitable only in very special circumstances, such as when there is already a majority, or very large, shareholder group in control.

Moreover, there is no legal reason why stock exchanges and other associations of secu-rities dealers registered with rities dealers registered with the SEC could not adopt their own one-share-one-vote rules, although, as in pre-Rule 19c-4 days, competition for business among them may make such a policy difficult to maintain without some uniform legal compulsion from the cutside.

In addition, there are now plenty of other takeover defences available to most

companies under state laws.

1. The Business Roundtable v
Securities and Exchange Commission, No 88-1651 (DC Cir. June 12, 1990). 2. US v Chestman, Fed Sec I

Rep. 95,214 (2d Cir. May 2,

The authors are partners in the Chicago office of the law firm of Mayer, Brown & Platt.

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The Financial Times proposes to publish this survey

3rd July 1990

For a full editorial synopsis and advertisement details, please contact:

Ian-Ely Corbett

on 071-873 3389

or write to him at:

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FINANCIALTIMES

MANAGEMENT EDUCATION DEVELOPMENT

The Financial Times proposes to publish this survey

24th JULY 1990

For a full editorial synopsis and advertisement details, please contact:

Michael Rowlands on 071-873 3349

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FINANCIAL TIMES



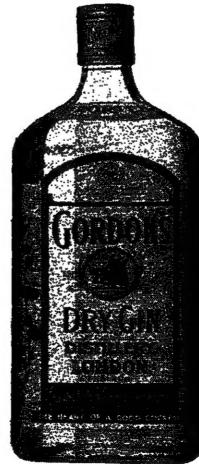


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"The saving is calculated by comparing one I little price with the notional I litre High Street price which is the overage of prices in a number of High Street stores." (The notional I litre price, names of stores "Source: Nielsen Consumer Research of representative UK High Street stores conducted during June "90. Products subject to availability."

ondon. The Ultimete



very week the employees of Eurocom are
hundled off to English
lessons. The chairman
keeps a battered Larousse dictionary by his desk. The receptionist ratities off English grammar in the gaps between
telephone calls.
The English lessons are part
of Eurocom's efforts to prepare

The English lessons are part of Eurocom's efforts to prepare staff for the company's new role as an international advertising agency. For Eurocom, the biggest force in French advertising, is increasingly ambitions in the international arena. Late last year it took control of the advertising agencies once owned by Aegis of the UK. It is now negotiating a string of deals in other coun-

Eurocom is one of the new Eurocom is one of the new wave of French agencies which are increasingly active on the international front. Since the start of this year Boulet Dru Dupuy Petit has taken a significant minority stake in Wells Rich Greene of the US. Roux Ságnála Cavzac Goudard has Séguéla Cayzac Goudard has bought two businesses in the UK - Conran in design and KLP in sales promotion — as well as expanding its European advertising interests. Publicis has consolidated its two-year-old joint venture with Foote Cone & Belding, the US net-

in London, New York and Chi-cago are preoccupied with cost cutting and consolidation. their Parisian counterparts are intent on further expansion. Yet the French agencies face serious obstacles in their attempts to become powerful players in international advertising They are latecomers on the global scene and the cost and complexity of building or buying - a new network is

higher than ever before. Bernard Roux, chairman of RSCG, says: "We have no alternative but to expand outside France. There is no future for us as a local agency, we have to become international."

The expansion of the advertising agencies comes at a time when companies from other areas of French industry are involved with ambitious international acquisitions which have taken place against the backdrop of a bullish Paris Bourse, a strong Franc and relatively low French interest

rates.

The same combination of favourable economic factors that helped Saint-Gobain to bid for Norton, is enabling the

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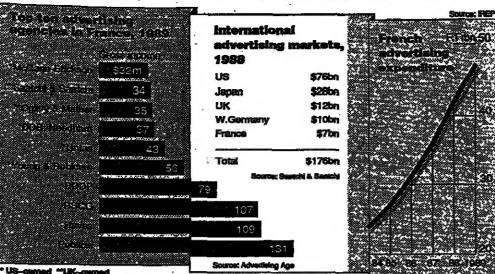
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1995. 1995. 1995. 1995. 1995. 1995.

Advertising

French set sights on the international scene

Alice Rawsthorn asks whether the Parisian agencies will succeed



sons. Traditionally their priority has been to protect their position in the domestic market. Two agencies — Publicis and Havas (a subsidiary of Eurocom) – alone account for almost a third of all the money spent on advertising in France.
Their competitors claim they
owe their success to the support of sympathetic governments, which have 'encouraged French companies to give their accounts to French agen-cies, Publicis and Havas say they succeeded by offering a better service than the Paris subsidiaries of the US and UK

Whatever the truth, the power of Publicis and Havas has helped to ensure that France - alongside Japan - is one of the few countries with a strong domestic advertising industry. The two set a precedent for the expansion of the younger French agencies: first RSCG, FCA and TBWA, and

Whereas the advertising league tables in Italy and West Germany are full of US and UK names, France is unusual in that only one of the 'top five' agencies is not a French com-

French agencies to move into other markets.

But the agencies are also expanding for defensive rea-

tional advertisers to consoli-date their accounts into a handful of international networks means that — slowly, but steadily — the French agencies could lose business. "We have more and more cli-

"We have more and more cilmis who operate globally and
who need to deal with global
agencies," says Maurice Lévy,
chairman of Publicis. "The
agencies that can not offer a
global service will be
at a disadvantage in the
future."

This problem is companied.

This problem is compounded by parallel pressures within France. The French advertis-ing market enjoyed double digit growth throughout the 1980s fuelled partly by general economic expansion and partly by the descoulation of the teleby the deregulation of the tele vision system - the privatisa-tion of TF1 and launch of new channels, like La Cinq -which created new opportunities for advertisers.
But the market is now over-

eating and is starting to alow own. Publicis forecasts growth of just 8 per cent this Moreover, the profitability of

moreover, the prontantity of the French agencies is under pressure because of the changes in the media buying system. The expansion of Carat, the specialist media buying business now owned by

its liaison with FCB. But the FCB deal is a joint venture.
Similarly Eurocom is involved in the HDM network, but only as a joint investor with Dentsu of Japan and Young & Rubicam of the US. It sees EWDB – in which it has a 60 per cent stake - as the

focus for its international expansion. However, the EWDB network is still patchy, and has yet to resolve its difficulties in the UK and the US.

to avoid outright acquisitions, in favour of a string of minor-ity stakes and cross-sharehold-

ings.
Publicis is probably the strongest French force on the international scene thanks to

Financial constraints have hampered the smaller agencies. BDDP has expanded at a frenetic pace, but by piecemeal purchases. It is now highly geared after the WRG deal and

geared after the WRG deal and still weak in important markets, including the UK.

RSCG is still a minor player in UK advertising, in spite of staging three different acquisitions. It also has yet to establish a significant presence in the US. The only European countries where it has top ten agencies are france. Italy agencies are France, Italy, Spain and Belgium.

Yet the French have succeeded in making their mark on the international scene. Jean-Claude Boulet, chairman of BDDP, says that only a few years ago his overtures to the UK agencies were greeted with ill-disguised contempt. BDDP's hostile bid for Boase Massimi Pollitt, one of the largest Lon-don agencies, last summer was repulsed in a stream of xenohobic "Hop off you Frogs"

rhetoric.
Times have changed. The slowdown in the UK market has put London agencies on the defensive. Boulet says he has received – and rebuffed – at least 10 acquisition propos-als from the UK in the past six

As to the outlook for the French agencies, the optimists in French advertising claim that drive, determination and a favourable financial climate should be sufficient. The pessi-mists suspect that by incurring too much debt and issuing too many shares they may be mak-ing themselves vulnerable to future bids from the US and

UK companies.

The French agencies are undeterred. "We are late, very late," says Alain de Pouzilhac, the Larousse-reading chairman of Eurocom. But we have to become international and there is just enough time for us to do

US cereal market

Corn flakes feel the bite of the Mutant Ninja Turtles

Frank Lipsius reports on the rising power of kids consumerism

"SOMETHING WEIRD'S going on," goes the theme song of the extremely popular Ghostbus-ters film, which in America has spawned an hour-long, Saturday-morning kiddle cartoon. Along with the cartoon, there is now a Ghostbusters cereal. The box sports a hologram showing the friendly ghost Sli-mer hovering over a breakfast table and pouring cereal. Is it kitsch or a subliminal mes-

sage? What is certainly weird is the manner of moves being made to dislodge the main cereal brands. The assaults are worthy of the contentious cartoon shows that sport battling adversaries.

For the first time in years, Kellogg Co., which commands 50 per cent of the prepared cereal market outside the US, has fallen below 40 per cent of the \$6.6bn domestic market.
Attacking it from two sides are
General Mills, with successful
promotions for out-brand products for the health-conscious crowd, and Raiston Purina, which makes Ghostbusters and other new kiddie brands.

The cereal wars being fought daily on the supermarket shelves highlight the manufacturers' discovery of a new cli-entele - the kids themselves. Cereal companies, following the footsteps of hamburger purveyors MacDonald's, have finally caught on to the power of kid consumerism.

Ralston Purina plunged into the kiddle category five years ago with Cabbage Patch Kids cereal, which lasted a year and a half. The company once had stellar brands in Rice Chex and Whose Chex has been ald Wheat Chex, but those old standards failed to make the leap of popularity to the

It now relies on kiddie brands more than other cereal manufacturers with a current line-up that includes Ghostbus-ters, Teenage Mutant Ninja Turtles, Nintendo and Break-fast with Barbie. Breakfast with Barble and Ghostbusters are so similar that they look suspiciously like the company's effort to sell the sam thing separately to boys and girls. Both consist of bits coloured pastel shades of pink,

WEEKEND FT

de YAT

yellow and orange, irradiating the smell of sweet excess. Ralston Purina spokesman Pat Farrell admits that some lines, like Donkey Kong, may

last only a year, but they can be very successful for that year.
The company's licensing agreements allow it a profit on even a short and expensively

promoted run. Most licensed products are not intended to last longer than the popularity of the named character. You might have thought that the people guarding the image of Batman, or even the Ghost-busters, would want to refrain from exploitation through



breakfast cereals. The all-out licensing push is a recent phenomenon associated with American corporations'

short-term orientation.

But the contents of the boxes can disappoint youngsters. The four-year-old in our house has hardly picked up a Ghostbus-ter character since he tried, only once, the oversweet rice nuggets (except for the day we ran out of Cheerios). Now he'll play only with Teenage Mutant Ninja Turtles; to preserve his taste for those dolls, I refuse to give in to demands for the

The cereal shelves are laden with gimmicks like the holo-gram and the Batman piggy bank given away with that recent brand. Health claims, the backbone of advertising to older audiences, are even made for the kiddle brands. On the box, Breakfast with Barbie compares its sugar content to

five other "kid cereals." Barbie has "only" 10 grams of sugar per serving, compared to 12 for Fruity Pebbles and 17 for Fruity Marshmallow Krispies. (Cheerios has 2 grams.) An old-time favourite, Sugar Pops, went so far as changing

its name to a name change to Corn Pops to avoid offence. The lack of sugar is the only claim that can be made for the kids' cereals, compared to the craze for oats and bran being propagated among the old. General Mills took the lead in promoting health claims because its Cheerios, as the box proclaims, has "for nearly 50 years, [been an] excellent source of oat bran."

The oat-bran craze began with scientific reports that it reduces blood-cholesterol levels. A subsequent study, which was partially funded by Quaker Oats Co., America's porridge maker, appeared in the Journal of the American Dietetic Association contending that the healthing terms of the second of ing that the healthiest aspect of bran was filling people up so they had no room for cholesterol-rich food.

Between health and kiddle brands, there are now 270 cere-als in a market that has been growing a robust 3 to 5 per cent a year. Value Line analyst Stephen E. Grant notes that stephen E. Grant notes that companies in the field, which include Kellogg Co. and General Mills, "trade at about a 20 per cent premium to the market price/earnings multiple" in this "high-margin, oligopolistic grocery category."

However, a survey by the Roper Organization revealed that consumers find the choice confusing. "There are alto-gether too many and the last thing they needed was a new" brand, the survey showed. The kiddie brands may be

short-lived, but the phenome non will endure as long as children make family consuming decisions, as they increasingly

For the cereal companies. the kiddle brands break the stranglehold of the familiar types that show the contents of the package on the box. Ral-ston Purina has cereals waiting for new characters to attach them to.

NIPPON WARRANT FUND Capital Variable 14, rue Aldringer

R.C. Luxembourg B 24400

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of shareholders of NIPPON WARRANT FUND, SICAV will be held at the registered office in Luxembourg, 14, rae Aldringen, on Friday, 5th July, 1990 at 11.00 a.m. with the following agenda:

- To hear and accept:

 a) the Management Report of the Directors,
 b) the Report of the Auditor.
- To approve the Statement of Net Assets and the Statement of Operations at 31st March 1990.
- To discharge the Directors and the Auditor with respect to their performance of duties during the year ended 31st March, 1990. 4. To elect the Directors to serve until the next Annual General Meeting of

5. To elect the Auditor to serve until the next Annual General Meeting of

6. Any other business The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken by the majority of the shares present or represented at the meeting.

rember entitled to attend and vote is entitled to appoint one or more sites to attend and on a poll vote instead of him. A proxy need not also be ember of the Corporation.

To attend this Annual General Meeting of shareholders of 6th July, 1990 owners of shares should have their names recorded in the company's register of shareholders two working days prior to the Meeting and owner of bearer shares will have to deposit their shares two dear days before the Meeting with the following bank who is authorized to receive the shares or dearest.

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The Board of Directors

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Aegis, has forced other agen

cies to pool their media resources. The agencies owned by British-based WPP and Omnicom of the US have

formed The Media Partnership. Interpublic, the US group, and Publicis have founded Publi-

The smaller agencies have either been forced to join these hig buying clubs, or they have lost the profitable media part of their businesses to specialists like Carat. If the French Covernment agrees to allow

Government agrees to allow Carat to conduct Eurocom's

media buying, the market will become even more concen-trated and therefore more com-

This pressure on profitability

is accelerating the French drive into other countries. The

French agencies are expanding

at a very vulnerable time for the US and UK agencies which

the US and UK agencies which are struggling with slow growth, sluggish stock markets and high interest rates.

They have the tactical advantages of a favourable financial climate and vulnerable targets, yet so far they have had mixed success in their international ventures.

their international ventures.

Most of their deals have been

small and the quality of some of their acquisitions has been dubious. They have also tended

It also explains how - if you wish - you can also leave something, tax free, to a deserving Charity like the Distressed Gentlefolk's Aid Association. For over 90 years it has been helping to lift what now amounts to thousands of men and women - largely educated professional people, previously dedicated to beloing others. Rescuing them, in fact, from the mental torture of bereavement, financial crisis and approaching frailty.

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continue this immensely caring work, but - for your family's sake - do write or phone for this excellent illustrated booklet.



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FINANCIAL TIMES

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26th July, 1990

For a full editorial synopsis and advertisement details, please contact either

> Clive Booth on 071 873 4152

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FINANCIAL TIMES

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Ms Adrienne Jackson, Summer / In-Term Projects, London Business School, Sussex Place, Regent's Park, London NWI 4SA, UK. Tel 071-262 5050. Fax 071-724 7875

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Although databases have been billed as the electronic equivalent of the filing cabinet as easy to use as a drawer of paper files - their Achilles heel has always been their slow speed. The time it takes to extract information from the conglomeration of electronic widgetry and magnetic discs can seem to be acons, with the computer grinding to a near standstill as more and more employees try to get at the

Manufacturers are now confident that new hardware and software techniques can min-imise the delays. But for many organisations they have not come soon enough.
The Programmes Network,

for example, a European direct marketing group, eventually set up a system to do the job it wants. But it has taken five years and five computer systems. The first four swallowed the data but did not have the power to enable the company's 200 operators to retrieve information in the

time required.
For the Programmes Network, in the business of selling corporate information on iemand, those five years could have proved disastrous. As Kim Coe, chief executive, puts it "Your whole profitability is based on being able to get the

information out, It's enough to Outlook bankrupt a company." Now the company can call up a sea of data in anywhere

between a millisecond and a minute. On the first system it could take days, says Coe, with computer operators working for a quick through the night in order to meet delivery deadlines. The Programmes Network is running with relational database software, one of four main types of database software, or recovery database management systems, as they are called. They are:

Hierarchical databases,

> working with a local data store parts because the data is not even if there is several thousand miles between the two. Object oriented programming systems, the latest tech-nology, still supplied by only a handful of US companies such handful of US companies such as Object Design, Ontologic, Servio Logic and Symbolics. While relational databases were designed to store text and figures, object oriented soft-ware is intended to store graphics, video and digitised voice. Initially popular in the engineering sector, object oriented systems are now being used in the financial sector, for storing complex portfolios.

As each successive system is introduced it speeds up the data hunt. Relational databases are faster than hierarchical ones because they do not have to jump in and out of so many files. Distributed relational databases are faster than their centralised countersubject to transmission delays and the system does not clog up so drastically if several users decide to retrieve infor-mation at the same time. Object oriented programming goes one step further as there are direct software links

between related parts of the "objects" – anything from a seismic graph to the design of a washing machine. With relational databases the program has to search the whole data-New ways of structuring the data within the database management system are also help-ing to speed up the search. While information from older databases was searched for using a series of key words, extracted from each document as it was entered, the newer free format searches scour the whole database for a series of



free format system is always quicker than a key word one as it will read the documents for you," explains Don Edwards of EKS Marketing, which sells the Personal Librarian package. Another example, says Mike Chin, of Logica, the UK consulturer Teradata. Managing director for Teradata in the UK, John Clements, says data-base engines are intended for companies with "multiple giga-bytes of data and complex quetancy and software house, is software which processes several pieces of information at a time. "With older technology The Teradata machine, for example, can have up to 1,000 processors working simultaneously. "We're talking about

all the requests went through one bottleneck," says Chiu. Companies such as the Programmes Network have turned to a hardware solution based on the same concept: parallel processing. They have bought a database engine from Share-

Della Bradshaw describes why speed is of the essence when retrieving information from databases ish Satellite Broadcasting, the UK's satellite television company, uses a relational database for scheduling its televi-sion programmes, but had to develop the applications soft-ware itself. (One of BSB's shareholders is Pearson, owner of the Financial Times.)

The problem was that BSB has five channels, each with commercial breaks. "Nobody sold a planning system for multi-channel operation with the level of redundancy we needed," recalls John Haselwood, head of integrated broad-casting systems at BSB.

Haselwood was aware of some of the limitations of existing scheduling systems, and decided to do it differently at BSB. Ironically, this new approach means that its 70 to 80 users now face delays in calling up the daily schedules. The reason for the hold-ups is the way the data is struc-tured on the Vax machines. To ensure that the scheduling systems would track the BSB business into the future, Hasel-

wood chose to make it as flexi-ble as possible. That meant that each item of data could be approached from all directions. Haselwood gives the example of the way the programmes are booked in for scheduling. If he had adopted a procedure in which a contract between the neously. "We're taking about one search looking at 4m-5m customers to find out what they all bought last week." Ways of structuring the applications software can also help speed up the process. Britprogramme maker and BSB had to be signed before the pro-gramme was scheduled into the system, that logical pro-gression would introduce a shortcut. Instead, he decided

not to pre-determine the order. The decision was largely one of expediency. "It tends to be difficult with a start-up company as there are very few people around to tell you how they would like to use the system," says Haselwood. "You end up

making educated guesses about what people will want." Haselwood is now planning to focus the software on the basis of feedback from those using it, and he is confident that the short-term hiccups will produce long-term gains. "We wanted a system to under pir the business," says Haselwood. The plan was get the

function on and then bring on the performance." Manufacturers are now confident that databases are fast enough for most commercial needs, particularly those starting from scratch. But for those wanting to swap a hierarchical database for a relational one there are problems says Carlos Miguens, product marketing manager for Ingres.
"The problem is the applications software, which cannot

be converted. You have to write it all again." Companies such as the Programmes Network, which had to develop their own applica-tions software — and are now selling it to other direct marketing companies - would not agree. The interesting thing is that we've got to this point and we're not a computer com-pany," says Coe, "A year ago I knew nothing about computers. It shows just how much the customer is not getting

courts of England and Wales is still in its infancy. But imaging equipment has been used by the Serious Fraud Office in two complex trans trials recently to display documentation and explain concepts to the jury through the use of

Children caught up in sexual abuse cases are now able to give their evidence by live remote video link. The Home Office has also established a number of pilot schemes using microwave televi-sion to link local courts with prisons and remand centres, in order to save the unnecessary expense of transporting prisoners backwards and forwards for routine remand hearings and ball applications.

In all other respects, however, the use of computers in the courts either as an aid to presentation or for the storage and retrieval of information is almost non-existent. But that may be about to change. City solicitors Masons have

begun using laptop computers for

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Robert Rice reports on how PCs can cut down on the reams of documentation used during trials full text retrieval for the first time

popular in the early 1980s. The

computer mimics a paper filing system with the data usually

stored alphabetically. Informa-

tion stored in each file can be retrieved a piece at a time, like

running round a racecourse.

To move on to a related subject means starting again and run-

ning a parallel course.

• Relational databases, devel-

oped about 10 years ago, now form the basis of most systems.

All the data is stored in tables, rather than lists. So the search

can move up and down the tables or from side to side, as logic demands. The four most

popular large relational data-base systems are IBM's DB2,

Digital Equipment's Rdb and

systems from Oracle and

Distributed relational data-

bases, where the information is

held on in different buildings

across the country or across

the continent. Whenever the

user tries to retrieve data it appears to be a local terminal

in a courtroom environment in the UK. The firm is involved in what is, after almost 70 days, already the longest-running industrial tribunal hearing ever. Masons' clients, the Port of London Authority, are defending an action brought by 19 shop stewards dismissed for trade union activity following the dispute last summer over the abolition of the National Docks Labour Scheme. The case is creating a mass of data — on average 100 A4 pages of

text or about 30,000 words each day. If the hearing runs to the expected 130 days it is estimated that more than 15,000 pages of text will have been created. Masons began the hearing with its own transcription service, tak-ing a note of each day's proceedings. But with no official, agreed note of proceedings and the com-plex nature of the issues, its barristers began to express concern about how they would cope with cross examination and summing up at

examination and summing up at the end of the case.

The firm decided to put the information into machine-readable form and to issue its counsel, Alan Pardoe QC and Andrew Clarke, with laptop computers for use in the tribunal. By doing so it estimated it would replace 20-30 box files of hard copy with one small machine. On day 59 of the hearing Pardoe and Clarke used the machines in the tribunal for the first time.

The firm chose the Toshiba 5200 The firm chose the Toshiba 5200 with an Intel 386 processer which runs the latest Windows 3 software, and a 110 Mbyte hard disc.

For the full text retrieval software it picked Personal Librarian, from EKS Marketing, an off-the-shelf

Computers restore order in the courts

Personal Librarian works with "documents" - it calls up docu-ments of text on to the screen. ments of text on to the screen.
Masons has endeavoured to make each "document" correspond to one page of the transcript of the hearing. Thus document I should be the first page of the transcript.

Jul Andrew, who heads Masons' employment law group, says the barristers are so enthusiastic about the system that they are already

the system that they are already talking about having all their case papers in machine-readable form in future. While that may still be some way off, she predicts that "within six to eight years litigation will be unimaginable without such

technology."

Richard Susskind, special adviser to Masons on law and information technology and chairman of the Society for Computers and the Law, believes the potential application of this sort technology in the court-room is phenomenal. It is going to be of enormous value in any case

with substantial data to ma Client expectation will force the pace of information technology in pace of information technology in this area as it has in the US, he says, although the American habit of charging clients for the time sayed by reins or charging chemis for the time saved by using information tech-nology (known as "beyond the bill-able hour") is not something he expects to see transported across the Atlantic in the short term. Did the firm have to get the tri-bunal's permission to use the conputers? Andrew says it wrote to the tribunal chairman informing her of its intention to use them. Although she raised no objection, the firm's position was that it did not need the tribunals are presented. position was that it did not need the tribunal's permission. The com-puter has simply replaced the functions of pen and paper. "It is no more than a notebook," Andrew

Was there any discussion about one side gaining an unfair advan-tage by having the use of computer technology which the other side did not have? Originally, Masons thought of offering the tribunal the use of a machine but felt that it would only be fair to make the same offer to the other side. In view of the acrimonious nature of the case the firm decided against it. The tribunal is now using an offcial transcriber to take an agreed note of proceedings. Andrew maintains, however, that

Andrew maintains, however, that there is nothing inherently unfair in one side having the use of such technology. It can be likened to one side using better expert witnesses than the other, she says.

Masons is already considering an application to the High Court (out of courtesy) to use the technology in a forthcoming trial and expects other firms to follow suit.

But if computers are to find

But if computers are to find wider application in the courtroom

wher application in the courtroom there will be a need for some form of standardisation. It would be hard to expect judges to familiarise themselves with all the different systems on offer, for example.

The Lord Chancellor's Department is believed to have already examarked WordPerfect as the defacto mackage for the in the courts. facto package for use in the courts. An announcement would be useful in order to save firms the unneces-Sary expense of training personnel to use one system only to have to do it all over again with the standard system once it is introduced.

NOTICE OF REDEMPTION

HMC MORTGAGE NOTES 3 PLC

Class A Mortgage Backed Floating Rate Notes Due July 2015

NOTICE IS HEREBY GIVEN to the bolders of the Class A Mortgage Backed Floeting Rate Notes Due July 2015 (the "Class A Notes") of HMC Mortgage Notes 3 PLC (the "Issuer") that, pursuant to the Trust Deed dated 12th July, 1988 (the "Trust Deed"), between the Issuer and The Law Debenture Trust Corporation p.l.c. as Trustee, and the Agency Agreement dated 12th July, 1988 (the "Agency Agreement"), between the Issuer and Morgan Guaranty Trust Company of New York (the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes, Available Funds as defined in the Terms and Conditions in the amount of £15,400,000 will be utilized on 12th of July, 1990 (the "Redemption Date") to redeem a like amount of Class A Notes. The Class A Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued Interest thereon are as follows:

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Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York 10015 Attn: Corporate Trust Operations

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Dated: June 28, 1990

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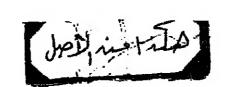
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313



Barbarism beyond blitzes and battlefields

wo events in 20th century history, the Holocaust and Hiroshima, seem un-encompassable even by that century's own art form. The cinema's giant screen can con-tain blitzes and battlefields, it can embrace the waste and heroism of war. But how does it embrace an apocalypse that was as much moral as physi-cal? The Nazi death camps and the dropping of the A-bomb devastated not just human populations but human perspectives. They were enormi-ties so vast that they blew up the networks of our under-

Two films this week - Triumph Of The Spirit from America and Black Rain from Japan (no relation to Ridley Scott's knuckleheaded Hollywood thriller) – attempt to portray the unportrayable. Shohei Ima-mura's Black Rain comes closer, thanks to its harrowed performances and harsh hlack-and-white images. In the years after Hiroshima, a vil-lage-dwelling couple and the niece they live with struggle with the growing knowledge of their own radiation poisoning. Their story is intercut with flashbacks to the flashpoint: the blinding light that visited Japan on August 6, 1945, leaving behind a nightmare city of razed buildings and charred bodies, of mutilated survivors displaying their flayed faces and hanging skin. (Imamura's realisation of these scenes won the film a Technical Achieve-

ment prize at Cannes.)
Two hours are a long time in the cinema when your only entertainment is the spectacle of three people dying, inter-spersed with flashbacks to a spersed with flashbacks to a whole city's death throes. For

the family's friends and fellow villagers also succumb one by one as the years pass.

The film is lent astringency by Imamura's refusal to senti-

by Imamura's refusal to senti-mentalise — see earlier works like Vengennce is Mine and The Bailed Of Narayana — and by a grim, cauterising comedy. Old wives spin the tale that "carp's blood" is good for radi-ation sickness. Three work-shy old men spend their days fish-ing (no doubt for carp), using the plea of post-bomb illness as an all-purpose medical chit an all-purpose medical chit.

And a brain-damaged war veteran stops every passing truck
by hurling himself in front of
its wheels, screaming "The
bomb, the bomb!"

bomb, the bomb!"
Yet Black Rain, based on a novel by Masuji Ibuse, is rooted in a story too linear and unrelentingly cautionary to bring revelation in quite the same measure as it brings emotional attrition. As the minutes tick by, its chief strength also becomes its chief weakness. We believe in the weird solidarity of this makeshift family. (When the girl's aucle refuses her widowered father's offer to (When the girl's uncle refuses her widowered father's offer to take her back, he explains: "We're a community bound by the Bomh.") But this intimate perspective precludes any larger, moral-historical overview of the Bomb; and by allegated incimation it cars. view of the Bomb; and by allegorical insinuation it casts Japan as the secluded, innocent victim of a gratuitous Western atrocity. From this movie you would never know that the attack on Pearl Harbour had happened, let alone the brutality of the PoW camps or the Burma railway.

or the Burma raflway.

Though its shrugs off Japan's own responsibility, Black Rain is a film aware of the moral night into which humanity descended in the Second World War. Triumph

BLACK RAIN

TRIUMPH OF THE SPIRIT Robert M. Young

LORD OF THE FLIES Harry Hook

> TREMORS Ron Underwood

Of The Spirit approaches the unapproachable as if there were a lighted path all the way to the centre of Auschwitz, where the movie is set and was shot. This is a film holding high the beacon of Hollywood inspirationalism. The very title tells us what we should think and feel before we have even

talls us what we should think and feel before we have even bought our tickets.

Willem Dafoe plays the truelife hero Salomo Arouche, a Jewish-Greek boxing champion who lost his family at Anschwitz but stayed alive himself by fighting in SS-arranged matches with other prisoners.

Around Dafoe, whose flayed and snewy looks fitted him for martyr roles in Platoon and The Last Temptation Of Christ, the screen fills up with oddly healthy-looking victims. After months in Auschwitz, Dafoe's Dad (Robert Loggia) and Dafoe's girifriend and her sister (Wendy Gazelle, Kelly Wolf) look as if they have suffered minor deprivation on a health farm. And so, though more plausibly, does Edward James Olmos as Dafoe's gypsy friend, a charismatic opportunist who plays it both ways with the Nazis and the inmates.

The film earnestly pounds the more of the Jewick has the ways of the Jewick has the The film earnestly pounds the major chords of the Jewish

experience in the Second World War. But what it never hits and should is the atonal borror of the Holocaust. It was never a morality drama like this with a simple, radiant les-son in human courage. It was an unbalancing of the whole moral order. The movie never even summons the nerve to ask whether Arouche, in his survival-by-boxing feat, was an adversary against evil or a col-laborator with it. In the Holocaust according to Hollywood, trite optimism is

preferred to dangerous pessi-mism. As directed by Robert M Young, whose career has finc-tuated alarmingly between the radical (Alambristal, The Balhad of Gregorio Cortez) and the routine (Nicky And Gino), one is finally left uncertain whether the movie demonstrates the banality of evil or the evil of banality.

In these days of sequelitis and remake-itis, no film is safe. You thought Peter Brook had had the last word on Lord of The Fiss with his 1953 movie! No. Ralph, Piggy and the gang are back; the desert island has turned to colour; and the children involved are American military cadets, not English military cadets, not English public school boys. Our very own Harry Hook (The Kitchen Toto) has directed William Golding's novel for Columbia Pictures with a transatlantic

Well, mostly transatlantic.
Britain's Bob Peck turns up as a rescuing naval man in the last reel, sporting combat gear and a frightful US accent. Truth to tell, the Americanisation of Golding's story is an unhappy experience. In both the book and Brook's film, there was a nointed irony in there was a pointed frony in the spectacle of milk-fed scions

system turning into paintedsavages. Since there seems nothing remotely milk-fed about the American lads in this film - beef-fed and belligerent to a boy — the transition to barbarism loses its shock value and and its satiric incongruity.

The film is also stiffly, lifelessly directed. It is as if Hook, caught rabbit-like in the glare of Hollywood attention, has found himself robbed of all the subtle, instinctive fluency he brought to The Kitchen Toto.

"This is probably the biggest zoological discovery of the cen-tury" burbles someone in Tranors. We have met this line before in Hollywood movies and it brings a happy smile to our faces. It means that monsters are about and someone has been at the Encyclopaedia of Prehistoric Gobbledegook. Here we are in Nevada, where the earth is heaving up giant eel-like creatures with multiple snakes for tongues. able to drill through the soil like a tunnelling machine, they are bravely fought for 95 minutes by our two heroes (Kevin Bacon, Fred Ward) and their

As animated by effects wiz-ards Tom Woodruff Jr and Alec Gillis, the creatures are splen-did shock-horror value. So is the film. I was especially moved by the moment when Miss Carter, her legs snagged in mid-flight by some barbed wire, had to have her jeans hurriedly removed by the self-less Mr Beacon By the finel red less Mr Bacon. By the final reel the entire cast is heading for the rocks, where they will be out of reach of the creatures dislike heights, explains

Miss Carter, and prefer travel

lady geologist friend (Finn



Scene from Imamura's 'Black Rain'

ling underground through the pleistocene alluvia."

I have not learned so much valuable natural history since Godzilla Vs The Thing, S.S. Wilson, Brent Maddock and Ron Underwood scripted, and Mr Underwood directed.

Finally, the week's video bin. Finally, the week's video bin. Into the container marked "For immediate cassette processing" must go The Fourth War (15, Cannons West End), a puerile Cold War romp starring Roy Scheider, all teeth and overacting, and directed by John Frankenheimer, Fresh Horses (15, Cannon Panton Street), an insomnia-curing brat-nack insomnia-curing brat-pack melodrama with Andrew McCarthy and Molly Ringwald; and David Wicht's Windprints (ICA), which takes journalists John Hurt and Sean Bean to Namibia, carrying the white man's burden of post-Attenborough liberal plety. The African continent surely deserves something less patronising than this in our enlightened age? Please submit screenplays now, though not to me.

Nigel Andrews

Berkeley memorial concert WIGMORE HALL

Lennox Berkeley died last year at the age of 86. In Tuesday's Park Lane Group concert he was affectionately remembered by an audience containing fellow-composers, pupils, and numerous friends. This was one of the most widely loved figures in the world of British nguies in the work of British music, a tireless worker for good causes, a notably gentle, sympathetic composition teacher, and a composer of renown, accuracy of aim, and

sharp-cut personal style.

His place in the firmament of 20th-century music has yet to be finally assigned, but the programme was carefully balanced to suggest the variety of his musical styles across an enormously long compositional career. Its fault was gross over-generosity (two-and-a-quarter hours after starting time, when I crept out of the Wigmore, there were still three more generous helpings to come). But at least by the time that point had been reached, a sufficient reminder of the com-

poser was already given. Berkeley was generally praised for the European-ness of his outleok, and particularly that "French accent" which can be appreciated in the cut and character of so much of his work given here — a first pub-lic performance — was of the Sonnet, Op.102 (1982), for voice and piano, written in the period when illness was begin-ning to cloud Berkeley's mind. The poem, an appeal to Venus from one whose powers are failing, is by Louise Labe; the song is moving not just in subject matter but because the same unwasteful manner of setting words and marrying voice and piano that marks all of Berkeley's many poem-set-tings survives to cleanse the song of any excess of pathos.

Concision and economy of utterance are admirable traits, but they can be the product of short-windedness as well as of self-discipline and self-knowlself-discipline and self-knowledge. There are moments in both the "later" works on offer in the first half — Autumn's Legacy (1962) for high voice (here Martyn Hill) and plano, the 1971 cello-and-plano Duo—that hint at limitations of this kind. By contrast, the 1947 Stabut mater for six singers and 12 instruments was Berkeley at an artistic peak: influences from Poulenc and Stravinsky on one hand and Britten on the other come together, yet the voice that blends them is entirely personal – calm, direct-speaking, contained, strong in statement. For this revival alone the concert deserved our gratitude.

Max Loppert

String Duos

ALMEIDA FESTIVAL, LONDON A whole programme of contemporary works for pairs of unaccompanied stringed

instruments is a daunting pros-pect, for the players as much as for the audience. At the Almeida on Tuesday night members of the Arditti Quartet violinists Irvine Arditti and David Alberman, cellist Rohan de Saram - produced a com-pelling, marvellously vital concert out of just such unpromising material, with works by Rihm, Nono, Takemitsu and Gubaydulina, three of them receiving their British pre-mières in spectacularly well played performances.
Rihm's Duomonolog for vio-

lin and cello ran through the high romantic gestures that have become his stock in trade without revealing any convinc-ing expressive weight; Takem-itsu's two-violin Rocking Mir-ror Daybreak was a tidy sequence of miniaturised tone poems, more muscular, less "exquisite" than many of his chamber works, but as hard to pin down as ever.

Nono's 'Hay que caminar' sognando for two violins, com-pleted in March last year, was spare, and positively aloof in its hermetically restrained content. The two instruments play together, or call to each other from the opposite sides of the stage but always on the most restrained, economical scale:

much of the material consists of long sustained pitches. sometimes broken by a shiver-ing tremolando or the briefest explosion of double-stopping. It is so clearly a "late work, with everything pared down to so audibly related to the string quartet Fragmente-Stille, both in its thematic content and in that the smallest gesture, the slightest dynamic change, is made to take on massive significance, that one wonders how many of Nono's works of his final years belong to this family, and just what is its raison

Gubaydulina's Sonata:Rejoicel for violin and cello is at first sight much more straighteven more perplexing. Four movements, each framed by spiralling harmonics and skit-tering figuration, sketch out the outline of an old-fashioned sonata, complete with a Shos-takovich-like burst of "optimism" for finale. Nothing quite fits, however, and though the composer's note talks of use of harmonics as a metaphor for transcendence, for "passage to another plane of existence," there is nothing transfiguring about the work at all, but instead a deep enigma at its

In the Shadow of Vesuvius sions: other times there are

Though no one can visit
Naples without seeing the Castel Sant'Elmo – that huge
star-shaped fortress that has
dominated the city from the
crest of the Vomero hill aince
the 14th century – for the past two decades or more no one has been able to visit this great monument. Now, after long and intelligent restoration, it is open to the public and, as a special gift to the lover of Naples and of art, the ample spaces currently house a unique exhibition, extitled In the Shadow of Vesuvius, a collection of views of the city over four centuries, beginning with

the Quattrocento. opens with perhaps the most celebrated portrait of the city: the solemn, static "Tavola Strozzi," of 1465, which depicts the triumphal return of the fleet of the Aragonese King Ferrante after the battle of Ischia, in which the Angevin forces were defeated. There is the characteristic Neapolitan sense of event: banners fly from the fortress; in the middle ground the Castel Nuovo stands as solidly as it does today. Only the green hills have almost disappeared, as in recent years they have been covered with sprawling construction. Still, even now, from the ramparts of the castle, you can look down into orchards

and vegetable gardens.

For, though invaders and, alas, the Neapolitans themselves have done much to destroy the city. Naples resists, surviving, even flourishing on its eternal conflict between chaos and invention, between insuperable drawbacks and iresistible charm. The very, striking evidence of the city's ability to organise an exhibi-tion of considerable dimensions amid surrounding contu-sion and disaster. Much of Naples at this moment is without drinkable water: but the and hope.

In past centuries, it was one of the most important and sought-out capitals of Europe. Travellers made long journeys here to winter in the mild climate, to attend opera at the Teatro San Carlo, to visit the excavations at Pompeli and Herculaneum, perhaps, if they were fortunate, under the tute-lage of Sir William Hamilton. And painters flocked to the area, to capture - over and over again - the incomparable curve of the bay, Vesuvius looming over the south end, the woods and grottos and palaces of Posilipo arrayed at the other. Just outside the city were the Phiegreen Fields with their Virgilian mystery, and there were the islands – Capri; Procida, Nisida - still uncorrupted by day-trippers and

The painters also admired the urban scene: the broad market square, the Lergo out-side the Castel Nuovo, the open space below the east facade of the Royal Palace, where military reviews were held, delegations from the Sublime Porte were received, and elaborate feste were devised for elaborate fests were devised in the entertainment of the popul-lace. For, in many of these vedute there are the people of Naples. Sometimes only two or three figures are visible, per-haps with their backs to us, to establish perspective, dimen-

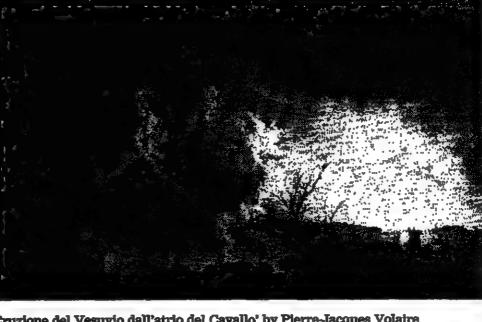
larger groups, dancing, or gawking or engaged in familiar trades, selling watermelous,

mending nets.

Though the painters of views, the vectatisti of this show, were seldom of high rank — the city never had its Guardi or its Canaletto — Naples and its surroundings inspired countless pictures of undeniable fascination: the spell of the piace inspired the brushes of artists like Gaspar van Wittel, Philipp Hackert, Giovan Battista Lusieri, Pierre-Jacques Volaire, and the less well-known Antonio Joli, several of whose elegant. several of whose elegant, detached views have travelled to Naples from the collection of Lord Montagu of Beaulieu. These artists somehow conveyed the Neapolitan experience, and that is more than satisfying.
At least one great painter

did come to Naples: Turner, who spent a few weeks here in the autumn of 1819. Five works the autumn of 1819. Five works

— mostly from the Tate — can
be seen in Naples, two of
which are memorable: a view
of the bay, in creamy mist,
with only the Castel dell'Uovo
visible in the middle ground
and Capri, an irregular blue
shape on the horizon; and a
"View of the shore near
Naples," in which some antumnal trees, blurred by
haze, stand against a dream
background. Besides Turner,
other important British artists
were drawn to Naples, and were drawn to haples, and works by Cozens and by the Welsh painter Thomas Jones. Sometimes the landscape—the veduta—the background, is only an element in, say, the portrait of a dignitary (as in



Eruzione del Vesuvio dall'atrio del Cavallo' by Pierre-Jacques Volaire

Hamilton), or the depiction of a saint. Sometimes views of country served as Capodi-monis pieces and works from the Imperial Porcelain Works of Vienna: teacups, jugs, bowls, table-tops, all with the bay, the

royal palaces, Vesuvius.

If the majority of the views present idylis, calm water, verdant vales, a peaceful bay with a lone pine in the foreground, fisherfolk dancing the tarantella on a torch-lighted beach, there are numerous illustra-tions, too, of the dark side of Nature. Here, Vesuvius is pro-tagonist: angry, blazing, destructive, casting a sinister light on the same beaches and romantic grottos that have

nics and siestas. The portrayal of Vesuvius in eruption is a genre to itself, and Pierre-Jacques Volaire, "le Chevalier Volaire," who lived in Naples from 1760 until a short time before his death in 1792 and the witness of more than one eruption, painted the phenomenon from various viewpoints, without prettifying its menaca. Turner's view of the volcano, "in anger," (from the William-son Gallery in Birkenhead) seems almost picturesque in

served as background for pic-

This is a vast exhibition —
something like 500 items are to
be seen — but never tiring;
each piece has been sensitively
chosen and cogently displayed (thus drawings and engravings

are shown beside the finished works to which they refer). And the visitor's progress is carefully arranged so that, in the end, you come out onto the ramparts, and there, around you, below you, is the real thing, the bay, Vesuvius, (deceptively dormant), the castle of Angevins, the royal palace, the cape of Posillipo, where the never-finished Palaces. azzo Donn'Anna still seems about to crumble into the water, just as it seemed when portrayed by Josef Rebell, Pie-tro Fabris, and many an amateur - talented or not - who arrived, paintbox in hand, for a season in the shadow of Vesu-

William Weaver

June 22-28

ARTS GUIDE

EXHIBITIONS

The Royal Academy. The 222nd Summer Exhibition – the oldest established and largest open sub-mission exhibition in the world. hough with only 1,206 assort works of painting, sculpture, architecture and the graphic arts, it is somewhat smaller than usual Too often underrated for its quality, it covers the broader centre ground of professional British art. Daily until August 19; sponsored by the Dai-Ichi Rangyo Bank. The Royal Academy, Modern

Masters from the Gelman Collec-tion - a self-explanatory exhibition of masterpieces of the 20th century from Bonnard and earli-est Picasso to Picasso the old man, by way of all the great names of the School of Paris. Matisse, Modigitani and the rest. Until July 15; sponsored by Guin-

Carte musées et monuments sold in museums and metro station-enable visitors to avoid queues at 60 museums and monuments. including the Louvre, Musée d'Orsay and Versailles. Centre Georges Pompidon. Andy Warhol. Some 200 works retrace the career of the multi-facetted artist who, born of Czechoslovak immigrant parents in Pittsburg
in 1928, became one of the mainrepresentatives of American Pop
Art and part of the Underground
Culture scepe. His acrylic paintloss in a service paintings inspired by comic strips, his series of Coca-Cola bottles and Campbell's soups, of film stars and political celebrities

express an important aspect of contemporary vision. Projections of Andy Warhol films complete the exhibition. Beaubourg. Closed Tue, ends Sept 10

(42771283).
Galerie d'Art Saint Honoré. A
Flemish 15th century retable.
Around a large-sized 15th century Adoration of the Magi Around a large-sized 15th cantury Adoration of the Magipainted by an anonymous artist who combined to great effect northern realism with more than a dash of Italian mannerism, Monika Kruch assembled other works of religious inspiration. 267 Rue Saint Honoré (42601513), open Mon-Fri. Ends Sept 15. Bagatelle Chatean and Trianon. Vienna 1815-1848 ~ the Hiedermeler period. Vienna's museums have lent some 250 pieces of funniture, porcelain, paintings and objets d'art for an exhibition of the style which expressed the Austrian capital's changed mood after the turnoil of Napoleonic wars — the Biedermeler style. Bois de Boulogne. Ends August 15 45012010).

15 45012010). Petit Palais, James Ensor 15 45012010).
Petit Palais, James Ensor 1860-1949. A retrospective of 100 paintings, 130 drawings and strings brings to mind Ensor's provocative boast of "I am mad, I am stupid, I am nesty". Born in the land of Jerome Bosch and brought up in Ostend in a shop of seaside souvenirs full of carnival paraphermalia, he peoples his nightmarish universe with skeletons and grimacing masks. Jarring mockery and garish colours add to the feeling of anguish and aggressive rancour. Closed Mon, ends July 22 (42551273). Musée Carnavalet, Antique Mon, ends July 22 (42651278).
Musée Carnavalet, Antique
bronzes. Some 400 statuettes
bring to life the Gallo-Roman
world up to the 5th century.
They are grouped in glass cases

round a divinity surrounded by objects of the appropriate cult, Closed Mon, ends July 1

Musée d'Ixelles. 71 Rue Jean Van Volsem. La Poetique des Peintres Italieus a l'Aube du XXe Stècle. Ends July 15. Musée Wellington-Waterloe. Inedits sur Waterloo commanorates the 175th anniversary of the Batrio of Westerloo, Dody

Rembranit Bugatti and Belgian Animal Sculpture (1860-1930) closed Monday ends July 29. Hes-senhuis, 53 Falconrui.

Braccio di Cario Magno in Piazze San Pietro: Michelangelo and the Sistine Chapel. This exhibi-tion marks the end of a 10-year project by Vatican restorers on the celling of the Sistine Chapel and the beginning of an esti-mated further four years' work on The Lest Judgment. Bemark-able for the exceptionally gener-ous opening hours (open every day except Wed and on Set from 9.50am to 11.00am) and handsome day except Wed and on Set from 9.80am to 11.00am) and handsom catalogue, as well as a rich col-lection of drawings by Raphael, Rubens, Annibale Carracci, showing clearly Michelangelo's powerful influence, the exchibi-tion also carefully documents the techniques used by the

Palezzo Vecchio. The age of Mas-accio: tying in with the reopen-

ing of the Brancacci chapel in the Church of the Carming after a six-year restoration on the cycle of freeces by Masaccio and Masolino, are 108 works by painters and sculptors who worked in Florence in the golden years between 1401 (the date of Masaccio's birth) and 1440. Kinds

Castel Sant'eime. In the Shadow of Vesuvius: Naples through of Vesuvius: Naples through theaves of European artists between 1403 and 1800; fracticat-ing collection of over 300 oils, watercolours, prints and draw-ings of a city which has proved-lers for nearly five centuries. Ends July 21.

Palasao Ducale. Titian. This exhibition organised jointly by the Venice local council, the Arts Ministry and the National Gallery in Washington marking the sch centenary of the painters birth is the largest for over 50 years. Over 70 paintings are on show, lent by American, Russian and Russians museums. Russian and European museums. Ends Oct 7 and transfers to Washing-

Galleria d'arte Modama. Giorgio Marcali remonactive. Over 200 works leni by lialism and foreign museums celebrating the centannary of the painter's birth. Limiting himself almost entirely to still-lifes and landscapes inspired by the countryside around his native Bologna, Morandi has been described as the painter of mience. Ends Sept 2.

Städtische Kunsthalle, Molt-kestr. 9. Emile Bernard, a painter always in the shadow of Van Gogh and Gauguin is honoured with a retrospective of 170 early paintings. Ends August 5.

وستحدان

Kunsthalle, Glockengiesserwall. Caspar David Friedrich(1774-1840). To commandrate the 150th anniversary of his death, this exhibition shows 40 sepia, Indian drawings and watercolours of the German comunitic artist.

Mathidenhöhe. The sext of the Hess-Darmstadt aristocracy, the city became a prominent cultural cantre under the Duke Erast Ludwig, who ruled between 1992 and 1918. He instituted the Mat-hildenhohe's arts centre Kfin-

Museo del Prado, Sanchez Coello (1551-1588). Some 50 peintings by this Spanish artist born in Valencia, predecessor of Velan quez. Mostly portraits painted in the court of Phillip II as well es some religious works. Ends July 30.

Barrelone

Fundacion Caja de Pensiones. Edwitard Ruscha retrospective. Clear exponent of the latest artis-tic developments of the west coast of the United States, Rus-

traditional role and to offer an fronic view of reality, Closed Mon. Ends July 15.

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.

National Gallery. More than 90 prints by Edvard Munch show the Scandinavian artist at his most colourful and prolific, min-ing his familiar emotional

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhi-bition A House Divided. America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipatur.

Identition Minseum. Oriental Ceramics from the Topkapi Palace, Istanbul. The Topkapi's huge ceramic collection is especially strong in pieces from China and Japan, which were brought to Turkey via the Silk Road of the Saa. A representative selection has been chosen for this exhibition, which marks the 100th anniversary of Turko-Japanese relations. Closed Mondays.

Andrew Clements

SALEROOM Top lots fail to sell

The group of Impressionist and modern paintings and sculp-ture fielded by Sotheby's on Tuesday was far from its stron-gest. "Disappointing" was how the auction house described its results; disastrous may be a more apposite epithet. One of the faintly glimmering stars of the sale, Van Gogh's "L'Escalier a Auvers," was withdrawn after doubts were east on its authenticity. The rest of the top lots simply failed to sell. The auction totalled £18.777m, with 63 per cent bought in. Last June's sale had totalled 235.4m with 16 per cent unsold.
Japanese bidding saved the
day. Tokyo-based Aska International alone took away eight lots, and five out of the six top lots went East. Chagall proved the greatest success. His "Soleil au Cheval Rouge" made the highest price of £1.98m, with "Acrobate et Clown" coming in second at £1.43m. "Le Vloliniste" went to a third Japanese buyer (Seibu) for £990,000, well under the printed reserve. A Sotheby's spokesman said that reserves had been much too high; two

quite reasonable. Chagall had also fared well at an earlier sale at Sotheby's on Tuesday when a rare com-

months ago they had seemed

plete set of his illustrations to Daphnis and Chloe went well over estimate by selling at £1.815m. The series is considered the artist's most important lithographs, and was the first time that a complete set

had come up at auction.

Japanese bidding continued to predominate in yesterday's Part II Impressionist sale. Lebasque, Marquet, Pascin and Luce all fared well. The surprise of the sale came as Marquet's beach scene at Les Sables-D'Orlonne shot up to £335,500. The sale's total, 9,710,800, was reassuringly in line with the April results, although the unsold rate was up 10 per cent, at 34.5.

Neil MacGregor, Director of the National Gallery, announced yesterday that Thos. Agnew & Sons are donating £360,000 to pay for the redecoration of the largest room in the Gallery, Room 32, for the display of Italian Baroque pictures. The gift is believed to be the largest made by a picture dealer to a national museum since Duveen, and it is the first instance of a gallery renovation being entirely funded by

corporate sponsorship. Susan Moore

FINANCIAL TIMES

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Thursday June 28 1990

Mr Bush's lips move

PRESIDENT GEORGE BUSH'S carefully-worded statement of the obvious took some political courage, and means that his Budget summit can at last get down to serious business.

Six weeks have been spent in political sparring. Mr Bush had said at the outset that the talks on reducing the rapidly widen-ing US fiscal deficit should have an open agenda, but his right wing, including his own chief of staff, Governor Sununu, tried to argue that this was still consistent with his no-new-taxes pledge; the Demo-crats naturally suspected a trap. A White House budget proposal last week which made no mention of taxes deepened this suspicion; any tax increases in a bipartisan proposal would be blamed on

Now the President has taken the initiative publicly, and pledged his leadership to getting a solution accepted. Some Republicans are still arguing that the statement concedes nothing that was not implicit in the summit initiative. Logically, this is correct; but the open rage of the right wing confirms the political judge-ment of the Democratic leader, Senator George Mitchell: this

was a significant event. The Democrats are satisfied. and will now be pressing for a quick agreement. They would like to see the hateful necessities on display before the mid-term elections in November, and thus finally rob the Republicans of the tax issue. What remains to be seen is whether there is now a consensus for a serious assault on the deficit, or whether this is 1987 all over

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Moving the goalposts

Three years ago a Budget summit produced some cuts; but its main result was to get bipartisan support for an eva-sion – the Gramm-Rudman "fix" which moved the fiscal goalposts, and allowed extra time to balance the budget. They will be moved again, for nobody now pretends that it is practical politics to reduce the 1991 deficit to the \$64bn laid down in the law as it stands; it is the balance between present and future pain which is in

The arguments for evasion are quite persuasive. The US economy is still growing. Dut it

demand is sluggish, lending institutions are running scared, the construction industry is facing its worst recession for eight years, and defence cuts will depress some regional economies. Exports and investment are growing, but not strongly enough to offset these deliationary forces.

Growth threatened

Further it is true that the

savings and loan bale-out. which is a main item in the spending over-shoot, repre-sents expenditures which do not need to be offset by taxes. but are simply book-keeping transactions to fill a threaten-ing financial black hole. Academic economists - and some senior ex-officials - are already warning that a tight budget would probably guarantee a recession. That is the conventional wisdom, and indeed it is also the main argument against the whole Gramm-Rudman process. A slowing economy reduces revenue; but under the law, this must be met by deflating the economy further. On Keynesian, cyclically-corrected measures, US policy is already tight. Yet the President initiated the budget talks because he was con-vinced that the deficit was

itself a threat to growth.

The bond markets, which d to be worried mainly by inflation trends, are now con-cerned mainly with the sheer weight of US Treasury issues in a tightening world market for long term finance. The Fed is accused of imposing a credit squeeze, but in these circumstances it could probably not

cut interest rates even if it The world market context both explains the paradox of trying to secure growth through fiscal tightness, and reduces any risk involved in cutting boldly. A cut in US domestic demand and dollar interest rates would revive US export growth through a cheaper dollar. It would reduce the US trade delicit and so release savings for an eager world market; and it would help the embattled Latin Amer-

ican debtors.

The risk of a domestic reces sion remains, but it is probably unavoidable, for there is another lesson to be remembered from 1987: the stock market crash was lar is not robust. Consumer by nerves about fiscal evasion.

Subsidy rules in the EC

THE European Commission has ordered British Aerospace to repay £44.4m in illegal subsi-dies received when it bought the Rover Group in 1988. This represents a victory for Sir Leon Brittan, the European Competition Commissioner, over more siren voices within the Commission who had argued that he should have pursued more vigorously the charge that the car manufacturer was sold at too low a

price.
While BAc may wish to challenge the Commission's calculation of the sum to be repaid. the UK Government is likely to accept the decision. It will take great comfort from the Commission's implied finding that a reasonable purchase price was paid for Rover under the circumstances.

The difficulties involved in ealculating the proper pur-chase price for Rover suggest the decision is a fair one. In this respect the real damage was done when the Govern-ment, in its baste to secure a quick sale of Rover, ignored the advice of Saring Brothers, its financial advisor, that it would not be possible to secure the best terms for British taxpayers without inviting competitive bids. A fair price cannot be achieved by giving one party monopoly negotiating rights. More important, as the Commission has discovered, it is extremely difficult to determine objectively what constitutes a fair price in the absence of competitive bids. While not going as far as to introduce rules to outlaw them, Sir Leon hinted yesterday that the Commission will take a dim view in future of any closed bids for state-owned industries.

State subsidy

The problem of assessing a fair price combined with the difficulty of reopening an issue which the Commission had examined and finally approved during negotiations with the UK Government at the time of the sale, seems to have been enough to sway commission officials to Sir Leon's point of

The Rover affair, like the earlier decision involving Ren-ault, again underlines the difficulty the Commission has in calculating precise levels of state subsidy in situations where there are no other cases with which to draw a direct comparison. More broadly, like the Renault case, it flustrates the lack of any hard and fast rules in relation to state-owned industry by which governments can assess more objectively when they are acting as responsible shareholders and when they are subsidising ille-gally. The room for subjective assessment in this area is too wide. The Commission needs to provide more information to the member states about pre-cisely what aids should be reported, what types of aid will be acceptable and the basis on which Commission decisions in this field are taken.

Political pressures

The behind the scenes row that the Rover decision seems to have engendered within the Commission over the past week also serves to highlight the increasing extent to which political pressures are creeping into EC competition policy. This is very much to be regret-ted in that attempts to influence commission decisions along political lines run contrary to the principle of fair regulation.

This trend raises the spectre of a future and perhaps less robust Competition Commissioner bending too easily to political pressure. It also undermines the whole ratio-nale of giving the Commission autonomous competition pow-ers in the first place, which was to make them independent of national political pressure. The Germans have maintained for some time that in order to curb anti-competitive political influence the regulation of competition should be taken out of the hands the Commission and placed in those of an independent European institution similar to their own cartel office. The decisions of such a body would need to be judi-cially reviewable by the Euro-pean Court, but the idea has merit. The inter-governmental conference on political union to be convened in Rome in December could provide the

forum in which to explore the

proposal further.

mammoth 855-page study by Michael Por-ter of the Harvard Business School entiiled The Competitive Advan-

tage of Nations (published in the UK by Macmillan) has had a deservedly good reception. (Fortunately there is also a summary article under the same title in the Harvard Busi-

ness Review of March 1990.)
Porter's basic belief is that
"companies benefit from having strong domestic rivals, aggressive home-based supphers and demanding local customers." A recurring device is the diamond-shaped diagram, reproduced here. This starts with factor endowments, such as supply of skilled labour or infrastructure. It then goes on to conditions in related and supplying industries; demand conditions; and firm strategy, structure and rivalry. The diamond is saved from banality by the content he puts into it from his case studies.

The category of "related and supporting industries" is subtie. Porter sees the roots of suc-cess in a challenging domestic environment and a network of suppliers, competitors and related higher education and research. His emphasis is on geographical clusters in much smaller areas than traditional states. His favourite example is ceramic tiles, where 60 per cent of world exports are supplied from an area in and around the small Italian town of Sassuolo

in Emilia-Romagna,
As for demand conditions, it
is not so much the size of the home market as its nature that matters, above all the presence of sophisticated and demanding buyers. Japan's tightly packed homes have spawned quiet air conditioning units; Denmark's environmentalism anti-pollution equipment. The US desire for convenience has encouraged fast food and credit cards. The author regards pro-

tected home markets as a recipe for decline. Fierce local rivalry may be the most important aspect of the whole diamond. While international rivalries tend to be "analytical and distant". local rivalries become intensely personal, but none-theless beneficial. Contrary to the popular image of Japan Inc, there are 112 Japanese companies competing in machine tools and three dozen in semi-conductors. Above all, "competing domestic rivals will keep each other honest in obtaining government support. Companies are less likely to get hooked on the narcotic of gov-

ernment contracts or creeping industry protection."

Companies that have achieved industrial leadership employ strategies differing from each other in every respect. Nations tend to be competitive in industries "from which heroes emerge". In Israel it is agriculture and defence; in Switzerland, banking and pharmaceuticals. In Italian light industries such as nies flourish that emphasise "breath-taking flexibility". The German hierarchical system, by contrast, works best in on contrast, works best in industries such as optics, chemicals, or complicated machinery. The US does relatively well in new industries such as bio-technology or speciality electronics, where equity funding below entry. equity funding helps entry.

Porter's viewpoint is in some

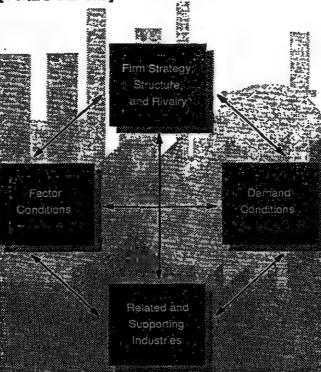
ECONOMIC VIEWPOINT

Conditions of progress

By Samuel Brittan

Determinants of industrial success

[Porter's 'Diamond']



Source: Harvard Business Review, March-April 1990 Arnold Toynbee's doctrine of challenge and response. Like Toynbee's it is more an explanatory framework than a deter-ministic theory. Its meaning emerges from what it contra-

For instance, Porter insists that the contemporary catch-words of "merger, alliance, strategic partnership, collabo-ration and supranational glo-ballsation" are misguided. His fire is directed against the modification of the US anti-trust laws to allow such ven-tures. In Europe it is directed against mega-projects such as the information technology programme known as Esprit.

Porter states limited conditions under which co-operative research can be beneficial. It should be confined to basic products and processes. It

products and processes. It should only be a modest proportion of a company's efforts, and should be channelled through independent organisations such as university centers. tres. The most useful projects touch several industries requir-The hankering of many exponents of industrial strategy to embrace a "national champion" could not be more wrong, "Most national champions are uncompetitive, although heavily subsidised, and pronearity substitised, and pro-tected by their governments. In many of the prominent indus-tries in which there is only one national rival, such as aero-space and telecommunications, government has played a large

role in distorting compatition, Western proponents of industrial strategy have drawn the wrong lessons from the Japanese Ministry of International Trade and Industry, Japanese Ministry of International Trade and Industry, Japanese Ministry, anese companies participate in Miti projects to maintain good relations with the government, and to hedge the risk that com-petitors can gain — defensive reasons. They rarely contribute their best scientists to such cooperative ventures, and usually spend much more on their own private research.

The author's main interven-tionist idea is a tax incentive for long-term capital gains restricted to new investment in corporate equity. Much more typical remedies he espouses are deregulation and privatisation, combined with a strong, consistent anti-trust policy.

Despite all this admirable material, the very title of the book contains a flaw. For

"competitiveness" applies as a general rule to companies or industries, not nations. An individual country can conness problem - for instance if British wage costs are slow to respond to full EMS member-ship. But competitiveness is intensely objectionable as a general success criterion. For it suggests that international economic activity is a zero-sum game in which one country can only gain what another loses. Porter is well aware of the absurdity of the notion of an internationally competitive

nation. Is a competitive nation one whose exchange rate makes its prices temporarily low? Germany and Japan have enjoyed large rises in living standards despite the opposite phenomenon of appreciating currencies and periods of declining price competitiveness. Italy prospered despite a chronic trade deficit. India and Mexico have "competitively" low wages, but neither is an

industrial model. The author concludes that the principal economic goal of a nation is to produce a high and rising standard of living for its citizens; and a most important means is higher pro-ductivity. Neverthless his book grew out of his work for President Reagan's Commission on International Competitiveness, and he feels obliged to provide countries with competitivenes ratings. These are based on the number of a country's indus-tries which have increased

their role in world markets. Japan, Italy and South Korea were the nations seen as most clearly gaining market posi-tions between 1978 and 1985. The US and Sweden wars close to halance, although the author bemoans the fact that the US gained shares mainly in resource or commodity-based industries. The country with the worst balance of losers to gainers was of course the UK. ("The challenge of restarting the upgrading process in Brit-ish manufacturing is palpa-ble.") But the dunce's class also includes Switzerland and Germany; and indeed when the

study was conducted Germany was regarded as a country with a strong currency but a tendency to Eurosclerosis.

The possibility of a very different evaluation of the British case emerges from a study of case emerges from a study of UK manufacturing over 1979-1986 by J Haskel and J Kay in the June Economic Outlook of the London Business competitive advantage as "rent per unit of input." Rent here is an economists' term which means value added less wage and capital costs. It is thus closely related to gross profits, Haskel and Kay conclude that UK competitive performance indeed improved. For in 1979 companies realised £1.18 for each £1 of inputs. After a dip in 1981 they were able to realise £1.32 in 1986, a rise of 12 per cent. This upgrading

per cent. This apgrading occurred during a period wher manufacturing output fell.

Of the total increase in productivity over the period some 75 per cent was passed on to the customer in prices lower than they would otherwise have been, 14 per cent went to employees and 11 per cent was retained by firms themselves. retained by firms themselves.
It seems to me that the LBS authors are using "rents" as a proxy for efficiency, while Porter's measures are too influenced by the sheer size of industries, and countries'

changing share in world trade. Porter's book is also marred theory of international trade, which misses its key point; this is that a country can trade advantageously even if it is more efficient — or for that matter less efficient — than its partners in every product. Fall-ure to see this lies behind the simple-minded complaints that southern or eastern Europe must catch up with the rest before the continent can become a single economic area.

School. These authors deline

BOOK REVIEW

A snipe at two establishments

British/American relations are a maze in which it is coordinated which it is easy to become lost. Christopher Hitchens is no exception in his new book, though his starting point is novel and his approach

entertaining. The very term "special rela-tionship" — popularised by Winston Churchill in his Iron Curtain speech in 1946 to describe the close links between Britain and the US now confuses more than it clarifies. Always used more in London than in Washington, the term mixes long-term ties of language, history and affec-tion with short-term questions

of political and economic national interest.

The danger with the designation "special" is that so much is expected; an allegedly unique closeness has repeat-edly to be demonstrated. Every time President George Bush meets Mrs Margaret Thatcher, they are asked by British reporters, generally from the Tory tabloids, whether the

special relationship" is still strong. The question is as meaningless as the answers. Christopher Hitchens implic-Itly accepts such a relationship while ridiculing it. He is in the tradition of talented left-wing British writers who achieve fame, and not a little notoriety, in the US via a combination of iconoclastic wit and radicalism seldom matched by their more eaden American counterparts.

In this case he bites, or rather nibbies, at both the British and the American establishments. His thesis is that the wily British have seduced and flattered Americans into initially sharing and then taking over their global responsibilities, in the process betraying the republican virtues of the US.

Hitchens is most persuasive in describing the cultural links. On the one hand, the British attempted from Rudyard Kiplng onwards to enlist the US as a junior partner in the empire; the famous phrase "The White Man's Burden" is the title of a poem written in 1868 specifi-cally addressed to Theodore Roosevelt and is about the US conquest of the Philippines. Winston Churchill similarly enlisted the other President Roosevelt in providing help for

Britain in 1940. Yet according to Hitchens. there has been a growing trend towards anglophilia in the US, as British power has declined. This started with a desire to emulate Britain and has devel oped into a sentimental affec-tion for things British, notably the royal family.

But Hitchens's view patronthe US as m Harold Macmillan's famous remark during the Second World War: "We are the Greeks in this American Empire. You will find the Americans much as the Greeks found the Romans — great, big, vulgar, bustling people, more vigorous than we and also more idle, with more unspoiled virtues but also more corrupt.

The US may have grown by

Blood, Class and Nostalgia, Anglo-American Ironies By Christopher

Hitchens Farrar, Straus, and Giroux, \$22.95

fits and starts into a superpower, but its assumption of this role resulted from a conscious decision, not from a bout of anglophilia. The key moves, starting in 1947 with the Truman doctrine aimed at containing communism in Europe, were in response to the inability of financially-stretched Britain to sustain worldwide commitments. But they also represented an asser-tion of US interests by a far-sighted group of American pol-icymakers around Dean Ache-

The real problem for the British is that they often forget that the US is a foreign country. A shared language, hospi-table American friends and superficial similarities mask fundamental differences. The US constitution, with its separation of powers and federal structure, was, after all, created as a reaction against the British system. The point was best put by (of all unlikely peo-ple) President Woodrow Wilson in London in 1918: "You must not speak of us who come over here as cousins, still less as

brothers: we are neither." The US pursues its own national interests largely unmoved by ties of affection. American officials had a longstanding anti-colonial suspi-cion of Britain until their own

imperial fiasco in the Vietnam war.
President Reagan was a par-tial exception. His admiration for Mrs Thatcher, and his lack of understanding about the rest of Europe, gave har considerable access in Washington, creating illusions in London about the extent of British

Under President Bush the balance has been redressed. Not that his administration is not that his animistration is in any sense anti-British; rather, the Bush team regards the UK as one of a number of sizeable European powers, but has its immediate focus, not surprisingly, on the relationship with Bonn.

Yet Britain remains a manual of the sizeable surprisingly.

ship with Bonn.
Yet Britain remains a more important ally in Europe for the US than its economic position justifies. In part, this tion justifies. In part, this reflects close defence and intel-ligence links, which will con-tinue as the US sharply reduces its forces in Germany. But it is also because Britain has been a more reliable ally, pursuing a consistent policy (except during Sues and when Edward Heath was Prime Minister) of avoiding public disagreements with the US, whatever the private reservations. So while talk of a special relationship is now misleading, the British-American relationship is distinct and living, not a fad-ing imperial echo, as Hitchens suggests.

Peter Riddell

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Part of the second seco

Schools of kings

■ King Simeon of the Bulgarians came to see us yes-terday. Clearly be has some hopes of returning to the throne on which he sat as a small boy for a few years in the mid-1940s. Equally the aim is to be a constitutional monarch — or "constitutional guarantor", as he puts it.

The model is Juan Carlos.
"I grew up with him," Simeon care quietly. It was Juan Carlos.

says quietly. It was Juan Car-los who helped to preside over the transition of Spain from dictatorship to democracy. The Spanish King is due to visit Bulgaria early next year. "He will get an amazing welcome," according to Simeon. Simeon knows a lot of other

monarch as well. He has recently seen Queen Elizabeth II, who is close to Juan Carlos and gave advice to him in the early days.

The regal connections spread beyond Europe. Simeon is an old friend of both King Hassan of Morocco and King Hussel of Jordan. He was at school with the latter — not at Har-row, where Hussein went later — but at Victoria College, Alexandria.

Simeon's own further education included a spell at Valley Forge Military Academy in Pennsylvania where he entered as Cadet Rylski and emerged as a 2nd Lieutenant. Nowadays he looks like an artist and talks like a liberal capitalist What he wants for Bulgaria, he says, is not so much a Mar-shall Plan as a transfer of tech-

He tries to keep his profile as low as possible. He is not even listed in the International Who's Who. He says that he has assured all the Bulgarian authorities that he will not try anything on — mount a coup or anything like that. Even Juan Carlos, he notes, kept on good terms with the leadership of the national Communist Party.

Simeon also says that is "fairly Russophile." (Bulgaria

has never had the problems with Russia and the Soviet Union that have plagued most of the other eastern countries.) There was a great deal more

OBSERVER

much impressed.

besides: all in all, we were

Mrs Robinson ■ Here's to you Mrs Robinson! That is Linda Robinson, the public relations mogul and wife of Jim Robinson, chair-man of American Express. For it is Mrs R who appears to be a key beneficiary of a

\$2.6m severance and \$7.5m stock option pact for Peter Cohen, the former chairman of American Express's Shear son Lehman. The lawyers for American Express, which owns the trou-bled Shearson, have persuaded

Cohen to sign a series of unusual documents in which he agrees not to bring a lawsuit against executives of
American Express and Shearson — and their families.

This is understood on Wall
Street to be a fairly clear reference to Mrs Robinson. Cohen,
who was formed out in January

who was forced out in January, had crossed swords with her over the \$25hn buyout of RJR Nabisco. There had been talk of legal action.

Smith's day

■ The bicentenary commemo ration of the death of Adam Smith got off to an unexpect-edly intimate start in a very hunid Edinburgh To begin with, the Wealth of Nations 1990 conference was all too much for John Gut-freund, chairman of Salomon

Brothers, the bank where his traders are supposed to be "ready to bite the ass off a bear" when they come to work. It could have been the dim lighting and close atmosphere of the historic Lyceum Theatre which inspired Gutfreund to



from the prepared text of his keynote address to economist businessmen and politicians from all over the world. However, no-one was heard complaining over the excellent shortbread in the course break afterwards.

Gutfreund's detailed account of a cycling boliday in England and Scotland in 1948, with a male friend - showing total recall of sporting visits to Wimbledon and Wembley – was, after all, not included in the conference price: £1,750.

Denis Healey also spoke with feeling, though without Gut-freund's nostalgia. He made several game references to the works of Adam Smith in his speech about a stable Europe, but could not resist a jibe about the poll tax, of which he said Smith, like most of his countrymen, was a root and branch opposer.

And despite the excellence

of the hand-made conference shortbread, Healey caused the audience some bewilderment with his final remark, (borrowed from an Americant:
"England is the only country
I know where the sex is safer

than the food." "You might have the chance to discover this later in the week," he added cryptically.

Invisible

We have been trying on and off over the past few days to discover whether Adam Smith ever made a joke. And although there is a whole book called The Wisdom of Adam Smith and subtitled "A collection of his most incisive and eloquent observations," the jokes remain as invisible as the famous hand. A suitable reward will be sent to anyone who proves us wrong.

Japanese gold The Japanese effect on the gold market may be bigger than we first thought. Not only have they long eaten gold on their sushi and drunk it in their sake; now they are going to smear it on their faces. to smear it on their faces.

Kanebo, a leading cosmetics company, is launching a line of eye-shadows, face creams and nail polishes all containing flecks of pure gold. The make-up is designed to go with gold jewellery and clothes, says the company.

Kanebo claims that Japanese have developed a taste for have developed a taste for "real" things, including real

gold jewellery. The target buy-

Centipede

ers are young women.

■ Having soundly beaten the animals, the insects troop off the pitch to celebrate. Spider finds the star player Earwig (who for reasons of superstition always wears the number nought) crying in the corner. Earwig says that while Centipede scored a record 50 goals, it was he who had been the architect of the victory and this would never be recog-nised. "Oh yes it will," sald Spider. "Listen to the crowd." And sure enough they were singing: "Earwig-O, Earwig-O, Earwig-O,

BUSINESS



HANSON'S HEIRS Successful chips off the old block

HUNGARY'S LOCOMAKERS Hunslet's helping hand

ADVERTISING ARRIVISTES The French muscle in ELECTRIC CARS

GM's mass production promise **FANCY FOOTWORK** Shoemakers up on their toes

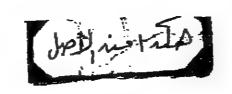
THE CITY OF LONDON
Time to look to its laurels

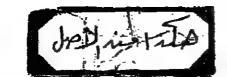
PLUS... BUSINESS IN THE COMMUNITY: WHO HELPS OUT AND WHY, INSIDE BUSINESS, MAKINSON ON THE CITY. HEALEY ON ECONOMICS, PERSONAL FINANCE... AND THE BUSINESS DIARY.

BUSINESS. THE MAGAZINE FOR THE 1990s' GENERATION OF BUSINESS LEADERS... FROM THE FINANCIAL TIMES

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he spectacle of Mr Don-ald Trump's brush with bankruptcy this week, like everything else about the man's financial and personal affairs, had the air of a cartoon strip come to life. This is a hit of a shame because the Trump of a sname because the Trump story — with its yachts, heli-copters, financial drama, mari-tal separations and general hullabaloo — only seems like a cartoon strip. It is actually both an epitome of 1980s excess and a pointer to how American society may treat some of its more celebrated financial

Mr Trump's much-vaunted debt rescheduling, which to many observers looks more like an orderly liquidation, does not mean that he is quietly fading away. It merely means that he is now so discredited as to resemble one of those great inflated comic book characters that are filled with helium and pulled along Cen-tral Park West in the annual

anksgiving Day parade. Donald is in this right up to his neck. I think he is in a lot deeper than he ever thought he would be," opines a top New York investment banker who is searching for buyers of the Trump assets that are now up

"His position remains precar-jous. He won't be allowed that much of a hands-on role in running his business again." says a commercial banker who has been close to the Trump

What with \$2bn of bank debt, of which about \$300m was given to him on an unse cured basis and on the strength of personal guarantees, Mr Trump faces annual interest charges of about \$200m. That does not, however, include an estimated \$150m-phos of interest to be paid on four junk bond issues that

have a face value of \$1.3bn. The Trump Organisation has a negative cash flow estimated at some \$60m a year. And in a fire sale, Mr Trump's net worth

on a strict monthly personal spending allowance, of \$450,000, imposed by his bank creditors. This is an undeniable cut from the average \$600,000 a month he is estimated to have been spending of late, and is set to fall further: to \$375,000 a month next year and \$300,000 the year would also be negative.
This is the crisis which Mr Trump has brought upon himself by the sloppy financial management of his empire—his overgearing, his tendency to take out 110-120 per cent morteges on properties with mortgages on properties with-out doing proper cash-flow year and \$300,000 the year accounting, and so forth.

A fair amount of the blame have to submit receipted expenditure accounts to the

must be shared by his main banks - Citicorp, Chase Manhattan, Manufacturers Hanover and Bankers Trust - which bitthely threw money at Mr Trump. There is specula-tion on Wall Street is that a handful of senior bankers at these institutions stand to lose their jobs or be demoted as a result of their backing for the

Donald is Trumped with his own petard

Alan Friedman on the all-American morality tale of a New York real estate developer

property developer, who seems at times to have exerted as powerful pull on his creditors as he did on the US media.

Bankers were so desperate to make real estate loans in the 1980s that otherwise prudent loan officers persuaded themselves that putting Mr Trump's name on buildings could some-how enhance their intrinsic

value. And for a brief spell. this may even have been true. Some US commentators have tried to liken Mr Trump to a

Soon Mr Trump will be walk-

ing (or flying) about New York

after. To cover this, he

banks. "You can call it a leash," said one banker.

The emergency financial package that has emerged in

recent days is thus more a requiem then a new lease on life. It will give him an emer-gency \$20m bridge loan for 30 days, then a \$65m rescue pack-

Doonesbury

of interest payments on about \$300m of his bank debt in exchange for second liens on properties. The bail-out will also allow the banks to appoint a chief financial officer, reor-ganise the holdings and proceed with an orderly disposal of several assets.

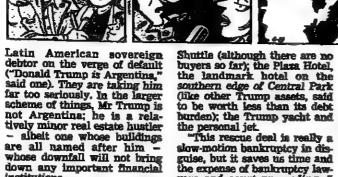
Among the pieces of Mr Trump's empire likely to go first are his 72-acre parcel of land on Manhattan's Upper West Side, which has \$200m of debt attached to it: the Trump

something in public all along. We've had to really restrain him to keep him from looking like a fool by announcing he's back on top before the debt talks are over," complained another day. other day.

Sure enough, when his res cue package was eventually complete on Tuesday evening Mr Trump put out a statement in which he sounded more like an Academy Award winner

BY GARRY TRUDEAU





"This rescue deal is really a slow-motion bankruptcy in disguise, but it saves us time and the expense of bankruptcy lawyers and court proceedings," explained one Trump banker, who, like others involved, asked to remain anonymous. But the immitable Mr Trump will involve the anonymous and recent will inevitably try and present events in his own light. "He has been chomping at

who had only narrowly averted bankrupicy. "I want to thank all of my banks and lending institutions for making this complex and technical agreement possible," he intoned.

The parlous financial situation that first caused Mr Trump to default two weeks ago on \$75m of interest payments on bank loans and

than a real estate developer

who had only narrowly averte

ago on som to makes payments on bank loans and casino bonds is partly the result of the real estate downturn and partly the result of Mr Trump's ability to spread his borrowings among seven main banks and 57 syndicate members. Until recently, none of the bankers had even seen a

DEBT AND ASSET B	REAKDOWN	
	Estimated Market Asset	Value \$m Debt**
Trump Plaza Casino	278.4	250+
Trump's Castle Casino	135.1	300
Trump Taj Mahai	726	800
Grand Hyatt (50% stake)	115	250-300
Plaza Hotel	430	400
Trump Shuttle	400	275-300
Alexanders (30% stake)	64	194
Upper West Side land	200	150+
Trump Tower (retail space and offices)	76	150
"Figures FT estimates based on SEC filings and ban not a comprehensive list of assets; there are other is "Trump empire" local debt in SL3bin; Sibn is in ban "The Taj Manel opened in April and it is soo soon.	odet and residential pro uk loans and \$1.25m in ju	viecte. nic bonde.

consolidated overview of the Trump Organisation, which has estimated annual revenues of about \$1.1bp_

How did the banks allow matters to get so out of con-trol? One answer is to be found in Mr Trump's own words. On page 13 of his 198? bestseller (TRUMP: The Art of the Deal), he recounts a typical Tuesday morning. The entry for 11am reports: "I meet with a top New York banker at my office. He's come to try to solicit busi-ness, and we have a general talk about deals I'm considering. It's funny what's hap-pened: bankers now come to me, to ask if I might be interested in borrowing their money.

To some foreigners the most striking feature of the affair is the speed of Mr Trump's fall from grace. Yet this is Amer-ica, where it is still possible to come from nowhere, establish a nationwide presence through force of ego, and eventually slip back into oblivion.

At an East Side dinner party this week some of Manhattan's more influential bankers and lawyers rolled their eyes at the mere mention of Mr Trump. One old hand made the now socially requisite joke about his wife Ivana ("She should have taken the money when she could"), and then mumbled about how Wall Street and real estate developers may find in the 1900s that they will have to make money the old-fashioned way again.

Two years ago Mr Trump was hounded by autograph seekers while attending the US Tennis Open. He proceeded to pull dollar bills out of his pocket, sign them and give them away. Now he is the object of more Schadenfreude than anyone might imagine unless they live in the United States. But his fall is probably more than just a media event or a symptom of lowered financial expectations in the 1990s; it is an explaint for a nation that is beginning to realise that some of its best-known 1980s business heroes were either liable to end up in jail — à la Boesky and Milken — or had feet of clay.

As for the man now known universally by the nickname given him by his wife — "The Donald" — he will still be a one-man spectacle, make plenty of noise, claim he is back from the dead and proba-bly go on television chat shows this autumn to promote his new book, which is tentatively entitled TRUMP: Surviving at the Top. Mr Trump and his edi-tors are rumoured in the publishing business to have agreed that a modicum of rewriting may be in order. German unification

National mind in a state of muddle

By Carl-Christoph Schweitzer

The outside world should feel sorry for the Gerthem. Why? Because many in the east and west of the formerly united Germany seem to have forgotten what it is to be a one-nation state.

Some of Germany's neighbours in eastern and western Europe - or at least, their gov-ernments - are pretending to be nervous in the face of a new Germany with 80m people. They are pondering safeguards of all sorts within and without German yearning for suprem acy in Europe. It would be better for Germany's neighbours to reflect on this: that 40 years of communist rule in the east. and of capitalism in the west, have damaged a healthy national feeling of "belonging

together,"
Such a new sense of emotional togetherness did come fleetingly to the surface last November, when tens of thou-sands of East Germans managed to get to the west via Hungary and when East Ger-mans staged the first success-

ful democratic revolution in German history. But the subsequent enforced rush towards unity means that in German eyes, the dust on Germany's future is only now

beginning to settle.

The picture which smerges is of an extraordinary split in public opinion. While in April 1990, 80 per cent of West Germans in principle favoured unification only 25 per cent of mans in principle favoured unification, only 25 per cent of them were prepared to accept (in the words of the opinion poll question) "inroads into their living standards for the sake of achieving that goal." By contrast, people in East Germany, while continuing to demand "one Germany", are voicing anxiety of all sorts — increasingly as the turning increasingly as the turning point of monetary, fiscal and social union on July 1 draws

The irrational feeling of being threatened by a "sell-out" explains why the nowhated communists - under a new party label - can still command the votes of about 15 per cent of the population with their anti-capitalist propa-

What do such figures demon-strate in political terms? One has to differentiate between the age groups. The generation of "grandparents" of today. those over 60, has a much stronger sense of German togetherness, for the obvious reason that at least the older members have some memories of a united country. The "parent generation" - roughly between 35 and 55 - seems to be far more detached about an

all-German future. The gulf is symbolised by the differences between Mr Oskar Lafontaine, the Social Democrat candidate for the Chancellorship, and his former political "tutor", Mr Willy Brandt For Mr Lafontaine, the prospect of having to govern a united Germany is, at least emotionally, not welcome; while for Mr Brandt, reunifica-tion is the one thing he yearns to see completed in his life-

As for many of the young

generation, above all the mil-lions of students in West Germany's universities, the whole many's universities, the whole issue does not seem to matter very much. As a university professor, I have been able to observe young West German academics at close range for 30 years. The pattern has not changed much since the end of the 1950s. While streams does not be 1950s. the 1960s, While students demonstrated time and again en masse for human rights in South Africa or Chile, there was not a single demonstration worth recording after the building of the Wall in 1961 against the shoot-on-sight regime of East Germany.

There are many explanations

for this sorry state of affairs. The ever-present memory of Nazi crimes seems to have wiped out the distinction natural to other peoples and nations — between a nationally-minded feeling on the one hand, and a national-chauvinistic one on the other. Added to this was a typical German grain of national masochism, especially prevalent in Protes-tant church circles, to the effect that, because of Hitler, the Germans forcited a fundamental right to national state-

The positive side of this is that West Germans throughout

the past 40 years have been more or less ardently in favour of progressively surrendering national sovereignty to a kind of United States of Europe. So the German national mind is clearly muddled. No less a statesman than Bis-

marck - who looked upon himself as a Prussian first and foremost - once said that the Germans needed a monarch as a "Hutstånder" on which they could deposit their various regional hats, to make them feel "all-German". Would a queen do the trick for the Germans, with or without the trooping the colour ceremony?
I doubt it, because you can
recover neither colours nor monarchies once such symbols have been smashed.

What about the French? They had their revolution in smashing everything After that came an emperor then other dynasties and finally the republic, the fifth and present one, characteristi cally, with a semi-king at the top. With their 14 per cent-plus in favour of Le Pen, the French seem a much greater chauvinistic danger today than any-thing on offer in East or West

Whatever Clio, the goddess of history, holds in store for the Germans and their fellow Europeans at the end of the millennium, one thing is clear. The Germans are and will remain for the foresceable future entrenched on the side of the west, standing for west ern democratic values. The Germans, incidentally, helped forge these values in former centuries of their own history a fact often overlooked both

within and outside Germany.

To conjure up a new version
of the Third Reich is nonsensical shadow boxing. Rather than worrying about this, Ger-many's neighbours should be more sympathetic to the idea of Germans developing normal national feelings. Otherwise, the Germans will remain a sorry lot, in spite of their economic power and glory.

The author spent the war years in Britain as a refugee from the Nazis. A former Social Democrat deputy, he has been professor of political science in Berlin and Bonn since 1968.

LETTERS

Nationalism may ride on

From Mr Doug Henwood. Sir, Ian Davidson's introduction to your survey of France (June 26) was literate and thoughtful But I finished reading it a little more confused

than when I began.
Until recently, according to
Mr Davidson, France was a
fairly happy place, but now it
finds itself in a funk. The reason, he suggests, is that the centralist-Jacobin model is under challenge from the com-pletion of the European market in 1992, and the larger world

€ €

If a good deal of France's long-term success is the result of that (now discredited) model of that (now discredited) model

a proposition it would be
hard to argue with — then
what are the charms of economic integration if they bring
social malaise, even neo-fascism, in their wake? Are these
charms so self-evident to Mr
Davidson and the "over-edu-Davidson and the "over-edu-cated élite" which runs France that there is no need to rehearse them for the FT's

sophisticated audience? The lessons of the Soviet Union and eastern Europe. Union and eastern Europe, where the forced adherence to a single plan has ultimately given rise to a host of local nationalisms, seem lost on the business and political strata of the OECD countries, which gove the sentiments of those unfortunates left behind in the drive towards a single world drive towards a single world market. As European integration proceeds, we may see more, not less, of what ian Davidson calls the "transitional" stresses of Le Pen-ism. Dong Henwood, Left Business Observer, 250 West 85th Street.

Strategic contradiction

New York City, USA

From Mr Nigel Evans. Sir, is it possible to explain why, when South Africa embarks on internal reforms. the European Community feels that the stick is the best method of encouragement yet when the Soviet Union initiates reform the EC wants to offer a carrot.

Why this apparent difference in strategy? Nigei Evans 5 Graightyd Square,

State of Sta

Measuring retail property values

From Mr Russell Schiller.
Sir, Maggie Urry's story
(June 32) covers our report to
the affect that retail property
values had fallen by 13 per
cent in the year to May 1990. On the same day your property column carries a table by the Investment Property Database (IPD) showing changes in retail values of only minus 1.4 per cent. It would be understandable if some of your readers

My guess is that most people in the property market believe that minus 13 per cent is nearer reality than minus 1 per

cent. Let me try to explain. The IPD index is based on a large sample of actual proper-ties held in portfolios. There are a number of property indi-ces measured in this way. The method is comparable to that

used to measure equities and

In practice, however, portfolio-based indices tend to smooth out fluctuations in the market, and also to lag behind them. I should not be surprised if IPD showed big falls in retail values in the coming months.
Our organisation, along with some of our competitors, mea-

sures the market using open market values. This method does not allow for the real world peculiarities of property depreciation, complex tenure and other idiosyncrasies), but it does give a reasonable approximation to what is actually happening in the market.

When values are moving allowly the difference harmoning.

slowly, the difference between the two methods matters little. But when the market is mov-ing fast, as now, IPD's portfolio method can be misle

business should add in due

enhancing the share value. So the benefit of these profits will

be taxed again as capital gains,

Profits versus capital in UK company payouts

From Mr Roy Colbran. Sir, Lex (June 25) comments on the tendency of UK companies to pay high dividends. It seems often to be overlooked that the UK tax system actually offers a strong incentive towards maxi-mum distribution.

Many shareholders are pen-sion funds or other institutions

with some degree of tax exemp-

Advance corporation tax on distributed profits may be reclaimed by them; the equiva-lent amount cannot be recovered from the Inland Revenue if the profits are retained in the business.

In a different way, the pri-

vate investor can also suffer extra tax from retention of

Keeping taxed profits in the

when they emerge on eventual ania of the shares. Tax neutrality is still a long way off. Roy Colbran,

Too hard a line to follow any longer

From Mr John Bruce Lockhart. Sir, The shape of the House of Commons has dominated British politics since the early 1920s. That corridor down the middle of the Chamber has denied any hope of power to any third party.

At its simplest, a third party

has nowhere to sit. This has been so since the Labour Party won 142 seats in 1922 and became recognised as the "loyal Opposition."

The two-party system worked well enough when aristocratic Whigs quoted Latin tags on one side, and land-owning Tory squires sat or slept opposite. But those days are

long past; and we are cursed by Churchill's decision to rebuild the House of Commons exactly as it was after its bombing by German action in the Second World War.

Today the Labour perty, in opposition for a decade, includes able and patriotic members of Parliament. Yet they have had to to dedicate their parliamentary lives not to the promotion of British interests, but to the pursuit of power through votes. That cor-ridor down the middle of the Chamber forces them publicly to denigrate all government policies, and apparently to rejoice in British misfortunes.

This makes a depressing spec-tacle for the public — and must be slow spiritual death for those who have to partici-

The old accepted wisdom is that two parties, directly fac-ing each other, leads to strong government. This is no longer Maybe the answer is a strong

"cross bench," maybe a semi-circular House of Commons, maybe some form of proportional representation, maybe government by coelition. But the corridor must go. John Bruce Lockhart,

'Mr de Klerk needs support, not stick'

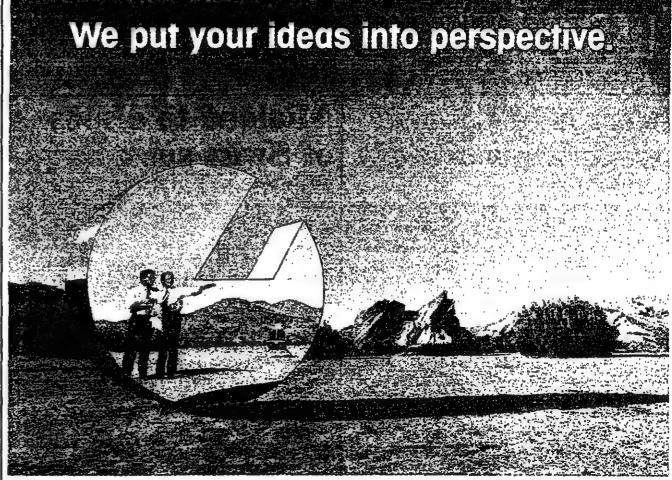
From Mr J.P. McDonagh. Sir. As if the declining gold price were not inflicting sufficient woes on the South African economy, at \$340 or some R900 an ounce, a score of South African gold producers have already become non-viable. The European Parliament has now voted by a majority of 177 to 47 (with five abstentions) to

prolong economic sanctions against SA.
It was predictable that the
European left would outnumber and outweigh the Euro-

pean conservative right. But what do European socialists find so alluring about the track record of the African countries to the north, that these voices seek to destroy, or at least undermine, the power-house of South Africa - one of the very few countries on the African continent that enjoys a sophisticated infrastructure and first world" management and continues to meet its foreign obligations? Are people on the European left so higoted as to be unable

to perceive that by heaping these coals of fire on South African heads they are expos-ing the liberalising policies of Mr de Klerk, the South African President - to which measures he is irrevocably committed - to exacerbated attacks from radicals of both right and left? What Mr de Klerk needs now is European support, not

J.P. McDonagh. PO Box 65158, Bermore, 2010 Transvaga



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DG BANK

A banker counting on optimism

David Marsh meets the man bringing D-Marks to East Germany

ohann Wilhelm Gaddum is the Bundesbank director with special responsibility for bringing into East Germany something even more precious than the D-Mark: opti-

Mr Gaddum, who has been on the central bank's sevenman directorate for three and a half years, is playing a key role in next Sunday's German monetary union. He is head of the Bundesbank's provisional new sub-headquarters in East Ber-lin, charged with supervising the central bank's network of

When I am in East Germany, I talk more of the opportunities than the problems, says Mr Gaddum. There will be plenty of opportunities to make mistakes, but there are also great chances for bringing them (the East Germans) up towards our economic standard. You have to go there

with a certain optimism." The 60-year-old central banker is a member of the Christian Democratic Union. As finance minister of the state of Rhineland Palatinate during the 1970s, he built up close links with Chancellor Helmut Kohl, who was then the state's prime minister. In similar vein to the Chancellor, Mr Gaddum declares that the D-Mark is entering East Germany "as a symbol of political and social freedom." Proclaiming his opposition to too much finan-cial "nitpicking" over the unity process, Mr Gaddum says: "For



Johann Wilhelm Gaddum 40 years, the people there have had to go along another path to ours. Now it's a question of

helping them." Born in Berlin, Mr Gaddum Born in Berlin, Mr Gaddum moved to the Rhine before the war as a six-year-old. Now, he is in East Germany three days a week as the Bundesbank prepares to take a further 16m people under the wing of the D-Mark.

This week will see the completion of distribution around East Germany of DM25bn (\$14.88bn) in D-Marks – 600 tonnes of notes and 500 tonnes of coins – transported from the Federal Republic in con-voys of heavily guarded trucks. Next Sunday, initial amounts of these D-Marks will be paid out to East Germans, as a debit on their newly converted East

Mark bank accounts, at 10,000 exchange centres. Introducing the West Ger-

man currency is, according to Mr Gaddum, only the visible part of the iceberg. The task of the next few months will be to build up a brand new control and regulatory mechanism for supervising the money supply in East Germany. The first move has been to install a reli-able telephone system among the Bundesbank's new

branches. "Preparations for the currency switch have occupied us most. What happens next will be, if anything, still more difficult," Mr Gaddum says. This week he is visiting five more of the Bundesbank's provincial offices: in Dresden, Chemnitz, Magdeburg, Halle and Gera. By next Sunday, Mr Gaddum will have been to all

15 of the branches, set up in old buildings of the soon-to-be-liquidated East German central bank, the Staatsbank. The Bundesbank will employ in East Germany roughly 200-250 people sent from the central banks of West Germany's 11 federal states, together with 700-800 from the Statebank.

Many of the new East German offices formerly belonged to the pre-1945 Reichsbank. In East Berlin, the Bundesbank has established itself in the old Reichsbank headquarters. Until the end of last year this housed the all-powerful central committee of the SED, the East German Socialist

Unity (Communist) Party. Mr Gaddum is believed to be taking over the desk of Mr Günter Mittag, the SED's economic czar now blamed for much of the ruinous state of the coun-

try's industry.

Mr Gaddum has been impressed by the speed with which local authorities in East Germany have given approval for building alterations in the Bundesbank's new offices. In particular, the vaults are being made more secure in an operation which will continue long after July 1. The energetic head of the

Bundesbank's archives depart-ment, Mr Dieter Lindenlaub, has sent a request to the East German offices to ship back to Frankfurt old vault doors and other Reichsbank memorabilia for a museum display.

How long will Mr Gaddum's new job last? Political unity is now expected to take place with all-German elections in December. Thereafter, at least several months will be needed to work out a new Bundesbank law to place its operations in East Germany on a permanent

Mr Gaddum has become regular customer of Pan Amer-ican flights between Frankfurt and Berlin. It looks as if he will be commuting between his desks at the Bundesbank and the Reichsbank for some time

Page 2; Japanese bank sees 10 per cent growth, Page 4

industrialised governments to deal with the Garcia Adminis-

tration whom they regard as responsible for serious eco-nomic mismanagement. Fol-lowing Mr Fujimori's election on a commitment to give high

priority to restoring relations with the IFIs, the atmosphere has reportedly changed among

has reportedly changed among potential donors.

To co-ordinate the meeting, Ms Margaret Anstee, directorgeneral of the UN Office in Vienna, was sent last weekend to Lima for talks with Mr Fujimori. A major problem is Mr Fujimori's infant economic team and their continued lack of desired accounting plans.

of detailed economic plans.
They also have yet to gain
proper access to the country's
data.

US politicians continue the wrangling over budget

By Peter Riddell. US

Congressional leaders yester-day resumed detailed negotiaage to reduce the budget deficit as the political world was still trying to absorb the implica-tions of President George Bush's abandonment of his

ment provides them with the desired political cover to pro-pose higher taxes, are prepar-ing a package intended to cut the deficit by about \$50bn in fiscal 1991, starting this Octo-

ance between cuts in domestic and defence spending.

It is now virtually certain that any package will not bridge the gap between the current projection of a deficit of \$159bn in fiscal 1991 (even before allowing for the costs of the savings and loan rescue) and the statutory target of \$64bn under the Gramm-Rud-man law. The targets are likely to be revised upwards and the date of a balanced budget put back again.

any tax increase as unacceptable.

The most poignant comment came from Massachusetts Governor Michael Dukakis, who was the losing Democratic presidential candidate in 1988. He said: "I told the truth and I he said: "I fold the fruith and I paid the price. Mr Bush did not and we're all now going to have to pay the price for that."
Political consultants were divided yesterday about the impact of Mr Bush's statement.

Others pointed to declining public opposition to tax increases and argued that Mr Bush might not suffer if a deal was seen as being good for the US and helped to bring down interest rates and avoid a recession, especially in the run-up to the presidential elec-tion in 1992.

bly compared with the Demo-

deficit

Editor, in Washington

THE US Administration and "read my lips, no new taxes" pledge.

The main evening television

news programmes dramatised the contrast between Mr Bush's 1988 campaign promise and his change of position and his change of position now. The message of a major reversal of policy was rammed home in the headlines of yes-terday's paper; the tabloid New York Post bluntly stated: "Read my lips, I lied." Congressional Democrats who feel that Mr Bush's state-ment provides them with the

There is agreement among the negotiators that deficit reduction should be in that range, give or take \$5bn or so, as the first instalment of a multi-year package.

There is, however, sharp disagreement about the scale and

nature of tax cuts and the bal-

The main impact of Mr Bush's announcement was falt by the Republicans. Some party leaders said publicly, and Mr John Sununu, the White House Chief of Staff, claimed privately, that nothing had changed and the statement was merely a reformulation of Mr Bush's previous position that everything was on the table

This view was not shared by the Democrats or an ton commentator.

By yesterday, more than 90 House Republicans, as well as several senators and senatorial candidates in tight races this November, had protested to the White House, describing any tax increase as unaccept-

Some suggested that the Republicans would now lose one of the key issues which helped to define them favoura-

Finance leaders to meet Peru President-elect

By Robert Graham im London

LEADERS of the international financial community will meet Mr Alberto Fujimori, Presi-dent-elect of Peru, in New York tomorrow to hammer out an emergency aid plan for the debt-ridden South American

country.

Those attending the meeting. under the aegis of Mr Javier Pérez de Cuéllar, UN Secretary-General, include Mr Michel Camdessus, managing director of the International Monetary Fund, Mr Barber Conable, World Bank president and Mr Enrique Igiesias, head of the Inter-American Development Bank.

This is the first time such key financial figures have met a president-elect to seek both emergency assistance and

By Peter Bruce in Madrid

REPSOL, the Spanish energy conglomerate, and La Caixa, the country's biggest savings

bank, agreed in principle yes-terday to mergo their gas dis-

tribution assets to form one of

Europe's largest gas utilities,

with control over assets now capitalised in the market at at

The agreement is the high

point so far of a grand govern-

ment design to restructure the gas supply industry in Spain, and it casts considerable doubt

over the future of the 8.5 per cent stake in the country's big-

gest gas company, Catalana de Gas, bought last year by Brit-

ish Gas. La Caixa owns 23.6 per cent of Catalana de Gas and Repsol has nearly 12 per cent. Both the Industry Ministry and Mr Oscar Fanjul, Repsol's chairman strongly onces the

chairman, strongly oppose the presence of foreign sharehold-ers in the new holding com-

Analysts say gas distribution is one of the most secure

growth areas in the Spanish economy. Gas accounted for

only 27 per cent of primary energy consumption in 1983

and government plans to

increase that to just under 9 per cent by 1993 should see

consumption double between

Repsol and La Caixa said yesterday they had agreed to each take 50 per cent of the

1988 and 1992.

least \$2bn.

Merger of Spanish

gas systems agreed

retary-General, a Peruvian, is understood to consider his country's plight so dramatic that early agreement with Mr Fujimori is essential if the country's relations with inter-national financial community

\$2bn. The outgoing administra-tion of President Alan Garda has allowed relations with the IMF to deteroriate almost to the point of expulsion from the

eign debt of \$20bn.

Mr Fuilmori, 51, an a

Peru owes \$800m in arrears to the IMF out of total arrears to the international financial institutions (IFIs) of nearly

new holding company, which will group Catalana de Gas with Spain's second largest gas company, Gas Madrid, which was recently taken over by

The new holding company

would be made especially potent if Repsol, still majority-

owned by the state, was able to bring the big state-owned gas distributor Enegas into the

distributor Enegas into the arrangement. The state controls both Repsol and Enegas through the Instituto Nacional de Hidrocarburos, of which MrFanjul is also chairman. Enegas is the principal Spanish importer of natural gas and the

biggest supplier to industry.
Gas Madrid, Catalana de Gas

and another Repsol affiliate, Repsol Butano, service mainly

domestic markets.

The acquisition of the Cata-

lana stake by British Gas appears to have startled the

Spanish authorities, who had been hoping to redesign the national gas industry at their

isure. It is not clear whether the

UK company will be asked to put its stake up for sale,

Repsol are quite capable of making life unpleasant for an

unwelcome foreign share-

Much the same reasoning forced La Caixa into the hold-

ing company.

WORLDWIDE WEATHER

what might be needed. He is to take office on July 28.
It is unclear how much the international institutions and

are to be normalised

Peru is also being sued in New York by commercial banks for immediate payment of \$2bn in arrears on total for-

foreign governments are pre-

foreign governments are pre-pared to give. But at least \$25n would be necessary in debt write-downs, interest relief and debt rescheduling – apart from food aid for some 7m people now regarded as in extreme poverty, in an economy with 2,200 per cent annual inflation. Serious drought in the south of the country prompted Mr Pérez de Cuéllar to launch an \$35m UN-sponsored emergency fund on June 3. fund on June 8. Mr Pérez de Cuellar and Mr

Iglesias have been making soundings for some time on ways to mount an international financial aid package for

Midland to dispose of Swiss subsidiary

By David Lascelles, Banking Editor

MIDLAND Bank, one of Britain's big four banks, is to sell its 85 per cent stake in its Swiss subsidiary, Handelsfinanz, to Crédit Commercial de France. The deal will realise £50m (\$104m) for Midland at a time when its profits and balance sheet are under heavy pressure.

Handelsfinanz, which is based in Geneva and has branches in Zurich and Lugano, specialises in commer-cial and private banking. It also includes an 85 per cent holding in Handelsfinanz Mid-land Bank, based in Nassau in

the Bahamas. Midland, the UK's third largest clearing bank, needs to realise capital in order to boost its reserves. Two months ago Sir Kit McMahon, the chairman, warned that profits

would be down this year because of difficult trading conditions. Analysts now expect Midland's Interim results to be down by over one The sale of Handelsfinans will not end Midland's pres-ence in Switzerland: it has a major stake in Zurich-based

Guyerzeller Bank, a private investment management bank. Samuel Montagu, Midland's merchant banking arm, itself has a separate subsidiary in

Geneva.

But the sale marks something of a retreat by Midland from its European strategy which is aimed at building a strong local presence in the wholesale and investment banking markets.
Indosuez set to buy Kitcat &

UK told to recover £44m

and Industry Secretary, will today defend the Government's

conduct of the sale, insisting that it had received a "fair price." Last night, the opposi-tion Labour Party insisted that Mr Ridley's statement must bring to an end the "evasions and half-truths" which had surrounded the "sweeteners." Although BAe argued that the sweetners were vital to clinching the deal, the repay-ment of £44.4m would have

only a limited impact on its BAe said it would decide its response after considering the full text of the judgment and with due regard to its shareholders' interests. While it is expected the company will accept it has to repay the £44.4m, it is thought it might seek clarification on some of

the other terms.

Downing Street indicated that Mr Ridley's statement. which has been co-ordinated with Cabinet colleagues in the past few weeks, would also focus on the fact that the sale had removed the need for large state subsidies for the com-

As well as yielding direct benefits for British taxpayers the ending of state aid had also been in line with the European

Commission's policy of dis-couraging subsidies.

Mr Ridley is also expected to reject accusations from the Opposition and from some Tory that his depart-ment - then under the charge of Lord Young - had deliber-ately sought to conceal infor-mation from Parliament and the Commission.

The Department of Trade and Industry stressed that in its view the report completely cleared the Government of charges that it had significantly undervalued the Rover group by selling its for £150m. In spite of the Government's unapologetic tone, there was private acknowledgement

among ministers that it was deeply embarrassed by the rev-elations and had little alternative but to accept the Commission's decision.

Mr Gordon Brown, the
Labour Party's trade and industry spokesman, said the decision was a humiliating public rebuke for the Govern-ment. He will today call on the Government to provide full

details of alleged tax concessions granted to BAe which the

commission will investigate.

Gorbachev's radical plans Continued from Page 1

well as following some policies

- like the anti-alcohol cam-paign - which were "ill thought-out, inconsequential, and in some cases simply incorrect.
"The old economic mecha-

nism of government no longer works, and the new one has not yet been created," it

But it goes on to call for par-tial – but not total – denationalisation, and the promotion of all forms of property owner-ship equally. For the Soviet leader, the

whole strategy amounts to a huge gamble, for it is now almost certain that conservathe 4,700-strong congress. He will have to decide whether he can seriously com-

promise his whole reform strategy to keep the party together, whether he can browbeat conservatives into sacrificing their ideological principles for the sake of party unity or whether he is prepared to precipitate the split.

Reformers in the party's Democratic Platform have said that they will quit if there is not an overhaul of the party

THE LEX COLUMNS AND SELECTION No hard landing for airlines

It would be risky to assume that because Renault and Brit-ish Aerospace have escaped lightly, Sir Leon Brittan is lightly, Sir Leon Brittan is going to nod through the over-due consolidation of the Euro-pean airline industry. But yes-terday's objections to the proposed British Airways/KLM stake in Sabena do not appear insurmountable, provided all sides show willing. If the deal had been blocked out of hand, it really would have sent a it really would have sent a powerful signal about EC pol-

icy towards future European airline mergers. The EC has an obvious probthe EC has an ovvous prob-lem. The emergence of a hand-ful of mega-carriers dominat-ing the big airport hubs in the US shows what happens when the airline business is deregulated. On the other hand, preventing alliances between a weaker sirline like Sabena and two stronger partners would result in the preservation of

inefficient and expensive Euro-pean airlines, One need only travel within the US to realise the scope for substantial improvement inside Europe. The trick is to produce US-style benefits without eliminating competition altogether. For BA, the sums at stake are much larger than the £35m investment. In terms of international traffic, it is 40 per cent bigger than its nearest European competitor and twice as big as Pan Am. However, it is over-dependent on a congested hub in the UK and its huge European business is barely

Burton

Even before yesterday's profits warning, it was apparent that Burton was one of the casualties of the UK retailing industry's dash for growth. But though the shares have been falling against the sector for a year now profits were only falling against the sector for a year now, profits were only marginally down at the March interims. Now the market's hopes for the full year have been reduced to some £150m before tax, which implies a 70 per cent collapse in the second half.

breaking even. It cannot afford to be too belligerent with the

Rather unnervingly, the warning refers purely to retailing, rather than to what the market suspects are Burton's chief problems, property development and financial services. opment and mancial services. Etam's profits warning earlier this month had already made plain the problems in the teenage clothing market. But Burton also has some £300m invested in off-balance sheet retail property development. If, as seems not unlikely, the

Share price relative to the FT-A All-Share Indiax 1987 1988 1989 1990

value of these developments has fallen below cost, there could be hefty write-offs at the

After yesterday's 9 per cent fall, the shares at 149p are still on some 9 times expected earnings. The property assets, currently valued at perhaps 120p per share, offer an uncertain backing at best. More fundamentally, Burton is a classic case of a 1980s expansionist retailer with no obvious strat-egy for the 1990s except sur-vival Like others of its kind, it may find the worst is yet to

Rank/Mecca

The collapse of Mecca's oppoattion to the Rank takeover is not the end of the battle. Mecca's defence, already distin-guished by a welter of board arrivals and departures before Mr Guthrie's unfortunate ill-Mr Guthrie's unfortunate ill-ness, was never going to be the main barrier. A reference to the Monopolies Commission is still possible; and Mecca's recommendation will influence neither the Office of Pair Trad-

Bingo looks a more likely area of difficulty than holidays. But despite the recent upsurge in merger referrals, it is hard to see what would be gained by stopping this particular deal.

Consumer choice is already limited by the Gaming Board which restricts the muniber of bingo clubs in any one area. In London, where clubs are more plentiful, Rank has indicated the william was all Meser's acil its willingness to sell Mecca's

In any case, a monopolist oungo provider which tried to overcharge or offer smaller prizes would simply drive away its customers. And bur-dened with debt and lacking both Mr Guthrie and his for-mer deputy Mr Long, the busi-nesses of Mecca would be bound to suffer from an

extended period in MMC limbo.

Rothmans

The share price of Rothmans International in the past three years is striking evidence of the market warming to minor ity shareholding in a South Africa-linked purveyor of a dangerous addictive drug. But as the full year figures show, the stock's 158 per cent rise against the London market in against the London market in the period also owes much to improved operating ratios. Tobacco margins are almost twice what they were five years ago; and with cash flow assisted by 23 per cent growth in earnings, half of the group's £1bn of shareholders' funds now consists of net cash.

now consists of net cash.

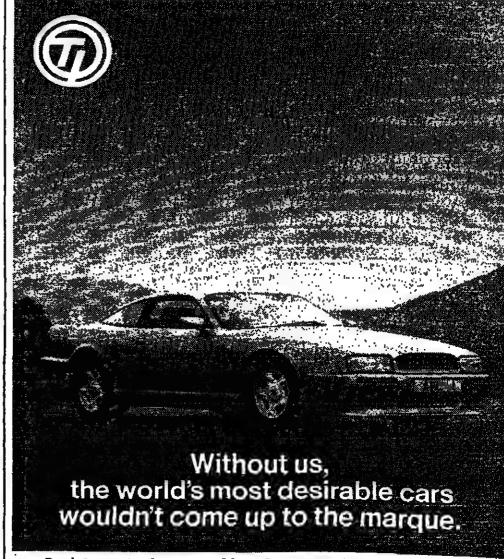
That cash is not all available to central management, being scattered worldwide among partly controlled subsidiaries and associates. One of Rothmans' attractions to the market is the idea that Richemont, the majority holder, might one day seek to change this by taking complete control. That apart, a prospective multiple of 10 at 753p asks little for a company with Rothmans' recent growth record.

BICC

After half a decade of shedding workers and widening margins, BICC's cash generation seemed to have improved out of recognition. Hence the disappointment over yesterday's £177m rights issue of convertible bonds. Strategically, BICC's plans look sensible. Winning a dominant position at the lucrative end of Spanish cables by buying Spain's largest cable-maker in 1992 is the sort of Euro-initiative investors like, especially when the total exit p/e is less than 12.5. The disappointment is not the strategy, but the fact that BICC is raising the money two years

before it needs it.

Perhaps BICC is not as strong financially as the market thought. Granted, its £368m of net borrowings is an artificially high mid-year figure. The more representative year. The more representative year-end total of £180m was only one-third of BICC's net worth, or even less if one counts its £170m-odd pension fund sur-plus. But given that 1990 looks a rough year for the Balfour and for Australia, a rights issue now seems a bearish sig-nal about BICC's cash flow. Some institutions may get the hint, take up their rights for the sake of the 10.75 per cent running yield and sell the ordi-



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FINANCIAL TIMES COMPANIES & MARKETS

Thursday June 28 1990

fluid power, special engineering, refined and wrought metals. IMI pic, Birmingham, England.

THE FINANCIAL TIMES LIMITED 1990

INSIDE **Rothmans** races ahead to £406m



Rothmans international, the tobacco and luxury goods group which salled home to a victory in the Round Ireland yacht race yesterday morning, also announced winning profits of £406m (\$706m) before tax compared with £327m in 1988-89. The group's tobacco iterests contributed 87 per cent of the profit. Andrew Hill reports. Page 24

Poor results from UK builders The state of the UK housebuilding industry is test declining. Three British housebuilders ye test declining. Three British housebuilders yes-terday announced losses or large profit falls. Mr James Farrer, chalrman of Berkley Group — which fell from £22.1m profits to just £204,000 — said the recession in the UK hous-ing market was the worst for 50 years. Andrew Taylor looks at results of Berkley, Crest Nichol-son and Fairbriar. Page 34

De Benedetti issues warning

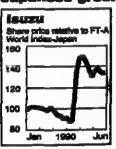


Carlo de Benedetti, the Italian financier (left), does not intend to wait too long for a settlement of the crisis at Monda-dori, the Italian publish-ing group. He warned his rival, Silvio Berlus-coni, that the door to negotiation would not stay open indefinitely. The two protagonists are

their arguments for the group's future direction at three decisive Mondadori shareholders' meetings on Friday. Page 17

Krupp optimistic despite locaes Fried. Krupp, the West German diversified steel and engineering group, is optimistic despite an increase in net group losses from DM202m (\$126m) in 1988 to DM452m in 1989. The company said that, after a difficult year, it was declaively heading for higher profitability was decisively heating for higher prohitability in 1990. Last year "was a turning point for the Krupp group; the burdens of the past have been digested," says Gerhard Cromme, chairman. Page 17

Japanese green with inspiration



The Japanese Government has some of the abjectest standards in collution control in the world. Japan's lack of resources has necessitated a strict environmental programme and provided a strong incentive to develop afternative sources of clean energy. The lead that Jan 1990 Jun many Japanese compa-nies have in "green" technology has become a source of inspiration

for the Tokyo market. Back Page

Market Statistics

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1137 + 14 125 + 5 428 + 9 881₂ + 41₂ 588 + 27 345 + 8 ICT Logica NatWest Stabe STC

Allianz wins East German

state insurer

ALLIANZ, West Germany's largest insurance group, has won its battle against a rival group of insurers to take control of East Germany's state insurance concern. It will start business across the border from Sunday, when the currency union between the two Germanys comes into effect.

Allianz denied that its purchase of a 51 per cent stake in the

chase of a 51 per cent stake in the East German concern merely replaced a state monopoly with a private one. It said the conditions had been created for competition by the description. in the industry. The rival group, led by the Colonia insurance company, had argued that Allianz's intentions were monop-

Mr Wolfgang Schieren,
Mr Wolfgang Schieren,
Allianz's chief executive, said it
would take around five years and
involve an investment of some
DM2bn (\$1.2bn) to develop its
less therems and this

Bast German antivities.
Allianz is paying DM271m for its 51 per cent stake in Deutsche Versicherungs-AG, the successor

Versicherungs-AG, the successor to the former state monopoly. The remaining 49 per cent to be held by the state holding company. Allianz will also take over the employees; these are numbered at 12,000, though many have recently left.

Mr Schieren said that up to 40 per cent of East German life insurance contracts had been cancelled by citizens wanting to transfer money to savings accounts where funds can be exchanged on the basis of DMI for 1 East Mark from July 1.

Allians's success in reaching agreement over Deutsche Versicherung defents a strong attempt by the group headed by Colonia, which is controlled by France's Groupe Victoire.

Groupe Victoire.

With its four partners —
Gothasr, Nordstern, R+V, and

Württembergische Feuer – Colonia hoped to reach its own deal with the East German indus-try, which would then be divided

try, which would then be divided up regionally. Yesterday, Colonia had no immediate reaction.

Allianz signed a letter of intent to take its clake in Deutsche Versicherung in March. At the time, it proposed to take a 49 per cent stake, in line with East German law prespecting foreign assistation. law preventing foreign majority stakes. This restriction is now being dropped.

The initial move by Allianz

prompted strong reactions from West German cartel authorities and Mr Helmut Haussmann, the Bonn Economics Minister, as well as the West German insur-ance sector. Yesterday, Allianz said East German authorities did not regard its deal as hindering competition.

The joint venture will take over all life, accident, and other insurance contracts from the start of July, with the East German state meeting liabilities

man state meeting liabilities being that data.

Berliner Verlag, East Germany's largest newspaper and magazine publisher, has been bought by Mr Robert Maxwell, publisher of the UK's Mirror Group Newspapers, and Gruner & Jahr, the large West German publisher.

Berliner Verlag, which was formerly owned by the Communist Party, publishes a chutch of newspapers and magazines including Berliner Zeitung, a daily newspaper with a circulation of 414,000, FF dabei, with a weekly circulation of 1.5m and Neue Berliner Illustrierte, which has a weekly circulation of 522,000.

Gruner & Jahr will be the managing partner of the 50/50 joint



Banks will be asked for a hig injection of cash to keep East German industry affoat

Costs of East German banking changes soar

By Ketherine Campbell in East Barlin

DEUTSCHE Bank, West Gernany's biggest bank, yester-day revealed it had already invested around DM250m (Dam)

union on July 1.

From that date it will be allowed to operate as a full service, universal bank in East Germany. But in a presentation with its East Garman joint venture partner, Deutsche Kreditbank, it said that the costs of reconstruct-ing the East German banking

west already invested, Dents in Bank, with other banks, will be called on to finance immediately a large injection of liquidity to keep East

German industry affort.
Its joint venture with Deutsche
Kreditbank, the commercial
banking arm of the former state
monopoly, brings it well ahead of
its competitors in terms of physical presence across the country.
Deutsche Bank will take more
than 122 branches and 8,500
employees through the joint venture. Dreedner Bank, the number

two West German bank, has taken 72 branches in a similar joint venture with Kreditbank. However, the costs associated West German standards — and building another 100 branches in the next two or three years — will be high. While costs are com-

paratively easy to budget for, initial income levels remain an unknown quantity, with the new venture starting virtually from stratch. Mr Georg Krupp, Deut-sche Bank managing board mem-ber with responsibility for East

Germany, explained he could not, therefore, predict when the bank would begin to make money.

To begin with, the 8,500

been persuaded to take from Kre-ditbank are unschooled in west-ern banking practices. A big training programme will be needed to initiate them into basic products and techniques. Mr Krupp, however, remained non-committal about how many

staff would be kept on the pay-roll, saying only that "we want to train them well enough so that

we can keep as many as possible."

There will be heavy liquidity demands from East German after currency union. This will mean that both Deutsche and Dresdner will have to top up their capital contributions to the ventures before the end of July, said Mr Edgar Most, chief execu-tive of Kraditbank.

Deutsche Bank-Kreditbank, in which Deutsche has an initial 49 per cent stake, is capitalised at DM300m.

Shareholders display strength at Continental meeting

By Andrew Fisher

CONTINENTAL, the West German tyre and rubber prod-ucts company, narrowly avoided the embarrassment at yester-day's six-hour annual meeting of having its voting rights curb rejected, but was unusually defeated on a motion seeking shareholder approval to raise its

defeated on a motion seeking shareholder approval to raise its capital.

This strong expression of shareholder power was almost unique for such a big German company, reflecting both the growing debate about voting rights and the influence of foreign investors.

The Hanover-based company, fourth in the highly competitive world tyre market, faced a determined attempt by a German shareholder rights group, backed by foreign institutional investors, to overturn Continental's restriction of shareholders' voting rights to 5 per cent, regardless of their stake.

Continental, which said profits would probably fall this year, narrowly won the vote. The issue had been forced by the DSW, a shareholders' group, which voted the 20 per cent of Continental shares for which it had proxies in favour of removing the controversial limitation.

However, the company lost a motion which would have created DM200m (\$125m) of new authorised capital as a basis for future rights issues. Its 59 per cent majority fell far short of the

future rights issues. Its 59 per cent majority fell far short of the 75 per cent vote needed on this

other they squeaked by," said Michael Treichl, a managing director of Merrill Lynch, about director of Merrill Lynch, about the outcome of the vote on the 5 per cent limit. The US securities house holds almost 1 per cent of the German company's equity. He said voting limitations were inappropriate in a country with Europe's largest economy.

"Voting restrictions send the wrong signals. It means the company is saying it will not talk to anyone," he said. Thus, potential partners were discouraged. "I believe there are strong reasons why such a substantive alliance should be considered. There

should be considered. There should be an open mind."

Continental, like other Ger-

the voting limit as a necessary protection against predators, an argument stressed yesterday by Mr Horst Urban, its chief execu tive. There have been stock mar-ket rumours about possible takeovers of the company, although it has not identified any significant stake-building. About a third of the shares are held

Indosuez at advanced stage in negotiations to buy Kitcat

By Daniel Green in London and George Greham in Paris BANQUE INDOSUEZ, the French the name and reputation for anal-

merchant bank, yesterday con-firmed it was in advanced negoti-ations for the acquisition of Kit-cat & Aitken, the 90-year-old UK stockbroker closed by its owner, Royal Bank of Canada, on May The French bank is already

present in the London stockbroking market through its subsidiary, W. I. Carr, although Carr is mainly active in Far Rastern

stocks.

Senior executives at Kiteat were yesterday refearing calls to W. I. Carr. Carr's chief executive officer, Mr Guy De Fromont, said an announcement was due shortly, possibly today.

Rival bankers said that what remains of Kiteat — principally

yais in sectors such as leisure -could add something to Indo-

could add something to indo-suez's UK broking activities.
However, Kitcat's team of lef-sure analysts, recently confirmed by the Extel survey of invest-ment managers as being in the top three covering the sector, has found new employment at Smith New Court, another securities house.

house.

Kitcat's top-rated insurance analyst has this week moved to S. G. Warburg and most of the better-known analysts have either accepted or are considering offers from rival employers.

Mr De Fromont said habelieved there was still a core of "very good people" at Kitcat whose expertise in agency brok-

ing overlapped with W.I.Carr's and whose experience in Europe complemented its Far Rastern emphasis.

The negotiations between Indosucce and Kitcat come two weeks after Deutsche Bank pulled out of its plan to buy Kitcat's name and agency broking operations.

Indospez, wholly-owned by the Suer financial services and indus-

trial conglomerate, has been gradually building up its broking a ctivities, adding Koojman in the Netherlands to Carr and to Cheuvreux de Vrieu, its French brokerage. It has also developed its Lon-don presence with the £155m (\$270m) acquisition of Gartmore, the fund management company.

BICC boosts interests in Spain

By Mikkid Tailt in London

BICC, the UK cables and construction group, is almost doubling its interest in Grupo Español General Cable, the Spanish cablemaker, to 39 per cent, with plans to take this to about 75 per cent in 1992.

All property development. The company forecast an interim dividend of 69 a share, 43 per cent higher than last time.

The net result was to leave HCC's shares 169 lower at 4430.

GEGC was bought out by its construction group, is almost doubling its interest in Grupo Español General Cable, the Spanish cablemaker, to 39 per cent, with plans to take this to about 75 per cent in 1992.

It combined news of the increased interest in GEGC, which commands more than one-third of the Spanish insulated cable market, with a 2177m (\$308m) rights issue of convertible capital bonds. The issue has been underwritten by S. G. Warburg and Barclays de Zoete Wedd. BICC also said that it was undertaking a private placement of up to A\$60m-worth (\$47m) of cumulative irredeemable preference shares in BICC Holdings Australia among Australian

It also issued a statement sayit also issued a statement saying that trading performance in
1990 should be "satisfactory,"
although it warned that high
interest rates were having a
"severe" effect on both housing

management from Penn Central Corporation, the US financial holding company, for \$270m in early 1989 — one of the largest management buy-out deals in Continental Europe. HICC was the only industrial backer, taking a 30 new cent stake for 77m a 20 per cent stake for 27m.

The remaining equity was split between Bankers Trust, which led the buy-out, a number of other banks, and the manage-ment Under the deal, the banks agreed to sell their 29 per cent interest to RICC in 1992, on a 7.5 times multiple of average aftertax earnings for 1990 and 1991. Bankers Trost, which holds a 19 per cent stake, has now agreed

to accelerate this arrangement.

For an undisclosed fee — which
the US hank said topped \$1m — it

will hand over its shares immediately, although no payment will be made before 1992. It will also cede its boardroom seat.

BICC said yesterday that it hoped to achieve a similar arrangement with the three other banks - France's Paribas, Banco Bilbao Vizcaya and Banco San-tander – which hold 10 per cent of the shares.

The UK company has also reached an agreement with GEGC's management which gives the latter the right to sell up to 51 per cent of GEGC to BICC. The price would be based on a multiple of 12.5 times average after-tax earnings in 1990 and 1991. Half the management stake

can be sold to BICC before end-1992. However, both management and the UK group aim to seek a quotation for GEGC in 1992-8. The plan is for HICC to acquire half the management's stake and for the remaining 25 per cent to



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Mitsui to

injection

By Roderick Oram

in New York

give Unisys

\$200m cash

UNISYS. the US computer

maker rebuilding its business after losses in three of the past

five quarters, says it is to

receive a \$200m capital injection from Mitsui, the Japanese

trading company.

The money will help Unisys,

which reported a net loss of

\$408.3m after special charges on sales of \$10.01bn last year,

through a difficult period. It is

cutting \$500m of costs through

staff and plant reductions

while it continues to suffer

from weak demand for many of

its products.

Mitsui, a partner of Unisys and Sperry Univac, its predecessor company, in the Japanese market for over 30 years,

will buy \$150m of preferred shares convertible into 4.6 per

cent of Unisys' common stock. It will also make a \$50m, five-

year loan to the US company.

The main link between the

two companies is Nihon Uni-

sys, Japan's fifth largest com-

puter company. Unisys owns one-third and Mitsui one-third,

with the balance publicly

SCA MEETING OF SHAREHOLDERS

Shareholders of Svenska Cellulosa Aktiebolaget SCA are hereby summoned to an extraordinary meeting of shareholders to be held at SCA's headquarters. Skepparplatsen 1, Sundsvall, on Thursday, July 12,

The reason for the meeting is the tender offer SCA through a wholly owned subsidiary has made to the shareholders of the British company Reedpack

AGENDA

2. Preparation and approval of list of voters

1. Election of meeting chairman

- 3. Election of two minutes-checkers who, with the chairman, will verify the minutes taken at
- 4. Determining whether the meeting was validly
- 5. The board's proposal to amend section 6 of the articles of association, in part to adapt the restriction on foreign ownership in section 6 of the articles of association to the provisions on this in the law (1982-617) on foreign acquisitions of Swedish corporations, etc., and in part to increase the upper limitation on the percentage of the share capital consisting of free stock from the present limit of less than 40 percent to less than 41 percent.
- 6. The board's submission for approval the board's decision of June 19, 1990 to issue mbordinated convenible debentures with a principal amount not to exceed GRP 30,000,000 and in accordance with the following main terms:

The right to acquire the debentures shall secree to all holders of A- or C-Shares in Reedpeck Limited. SCA's present shareholders have no preferential right to minimize for the debentures, since payment shall take place with non-cash property. Payment for the debentures shall be by the assignment of unsecured notes issued by Buymine Public Limited Company, which unsecuted notes shareholders of Reedpack Limited may obtain in exchange for sheres in Reedpack Limited.

The debeniures, which will have a pominal value of GBP 1 or multiples thereof, will be issued at nominal value. The debentures carry interest at the rate of 10 percent per annum. Any of the debentures not previously repaid or converted will be repayable on august 15, 2000.

In the period from October 1, 1990 and until July 31, 2000, upon with request of the holder, the debentures can be convented into new SCA Series II free

The initial conversion rate is at SEK 165.30, for which a fixed translation rate of GBP 1 = 550K 10.3925 shall be cased.

The board's complete decision concerning the debenture offering as well as the other reports and statements, etc., prescribed by Chapter 4 Section 4 of the Companies Act will be available for inspection beginning on July 4, 1990 at SCA's headquarters and will be sent to chambolders who so desire.

By Maggie Urry

STORA, the Swedish forest

products group which is in the process of taking over Feld-mulie Nobel of West Ger-

many, will make savines of at

east SKr670m (\$110m) a year

by combining the two compa-nies, said Mr Bo Berggren, president and chief executive

officer, at a meeting of institu-

tional investors in London yes-

The combination would

make the third largest pulp and paper group in the world and the only European group in the top 10, he said.

Benefits of the DM4bn

(\$2.39bn) deal, still being examined by the German car-tel authorities, would include securing raw material sup-

plies, enabling more efficient and better planned production and savings through co-ordina-

ting the capital expenditure

programmes of the two. These benefits would not appear

straight away, he warned, but said that in previous deals the group had generally underesti-mated the gains that could be

Mr Berggren said putting

Stora said yesterday, mean-

while, that no decision con-cerning the construction of a

pulp plant in Chile was likely to be made until 1895 at the earliest.

This prospect arose from a \$60m investment in a joint venture to grow forests in

Chile announced last October.
The venture agreement included an opportunity to build a pulp plant close to the forest when raw materials and

market conditions were considered to have been fuifilled.

Laidlaw lifts

earnings 34%

LAIDLAW, the waste management and school bus group controlled by Canadian Pacific, reported third-quarter

earnings of 30 cents a share, up from 25 cents a year earlier

(US\$62.4m) in the three months ended May 31, up 34 per cent from C\$54.7m a year earlier. Revenues climbed 33

Nine-month net profit was C8194.8m or 81 cents a share, against 39 per cent from C8140m or 68 cents, on a 29 per cent gain in revenues to C81.4bm.

The company would not comment on the results but analysts said the strength in

Laidlaw's waste management operation offset problems in the school bus sector. Waste

operations account for 60 per cent of revenues and about 70

per cent of profit.
Laidlaw is North America's

second largest waste manage-

SHL Systemhouse, a systems integrator and computer retailer belonging to the troubled Kinburn high tech-

nology group, reported a 62 per cent drop in third-quarter net profit to C\$2.3m or 6 cents a share.

For the nine months ended May 31, SHL showed a loss of C\$28.5m or 78 cents a share, including special writedowns,

against a profit of C312m or 45 cents a share a year earlier. Sales rose 8 per cent to C3527m partly due to the addi-

tion of ComputerGroup in

Times Mirror slips

TIMES MIRROR, the US

newspaper publisher, expects second-quarter earnings to fall

from \$85m in the first quarter to about 146m.

ment group.

better than most analysts

et profit was C\$73.2m

to CS73m

in Montreal

and better that had predicted.

per cent to C\$518m.

By Robert Gibbens

the two companies together would balance their supply

The board's proposal to elect an additional number to the SCA board.

NOTICE OF INTENTION

Shareholders intending to participate at the meeting must be listed in the register of olders maintained by the Swedish Securities Register Centre (VPC) no later than on Monday, July2, 1990 and notify SCA no later than 4 p.m. on Monday, July 9, 1990 either by mail to SCA at S-851 88 Sundavail, or by phone at + 46 60-19 30 00 or 19 31 14.

The notice should contain the name of the shareholder, social security or organization number, and address and telephone number.

To participate at the meeting, sharholders whose shares are held in trust by banks or stockbrokers must re-register the stock in their own names at VPC by no later than Monday, July 2, 1990. Such re-registrations, which can be temporary, should be requested of the trustee well in advance of this date.

Persons intending to act as proxies on behalf of shareholders will be required to produce a written and dated power of attorney. Any such power of attorney can be valid for no longer than one year from the date of issumnos.

> Sundsvall, June 1990 The Board of Directors



RICHEMONT

Compagnie Financière Richemont AG, Zug, Switzerland

Consolidated results for the year ended March 31, 1990 The Board of Directors of Compagnie Financiere Richemont AG is pleased to report the consolidated results of the group for the year ended March 31, 1990.

	1990	1989
Gross sales revenue	£5,905.3 m	£4,784.1 m
Net sales revenue	£2,861.5 m	£2,367,0 m
Profit before tax	£580.4 m	£467,5 m
Net profit attributable to unitholders	£146.3 m	£106,5 m
Earnings per unit	€254.70	£185.40
Dividend per unit	£41.25	£33.75
Unitholders' funds	£977.0 m	£828.5 m
Net assets per unit	£1,701.50	£1,442.80

The consolidated financial statements of Richemont include the results of its subsidlary undertakings for the full year. Majority control of Rothmans International p.l.c. was acquired in December 1989 and appropriate deductions have been made to reflect the effective date of the acquisition. The 1989 results have been restated on the same basis for ease of comparison.

During the year under review, Richemont achieved good results. The Board of Directors is pleased to announce that the dividend to be paid to unitholders in respect of the

Richemont exercises financial and operational control over subsidiaries in the fields of luxury goods and tobacco products. Its principal manufacturing operations are located in the European Economic Community and in Switzerland. Its products are sold in more than 150 countries throughout the world.

Copies of the annual report can be obtained from the company secretary at the addresses listed below:

Compagnie Financière Richemont AG Weinbergstrasse 5 6300 Zug, Switzerland Telephone: (042) 21 03 64 Telefax: (042) 21 71 02

RHONE-POULENC COMMERCIAL FINANCE B.V.

USD 50,000,000

16% Notes Due June 29, 1990

In accordance with the Terms and Conditions of the Notes,

notice is hereby given that, pursuant to paragraph

"Purchase and Redemption" (b) "Mandatory Redemption"

(1), the "Final Exchange Rate" as determined by the

Principal Paying Agent on June 27, 1990 was: 1.6636 .

Therefore, the Redemption Price to be applied to the

Notes and interest thereon will be 116%.

Payment of interest and reimbursement of principal will be

made on June 29, 1990 in accordance with conditions 8

"Payments" of the Terms and Conditions of the Notes.

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE

Luxembourg Branch

Richemont International Limited 17 Hill Street London W1X 7FB, England Telephone: (071) 499 2539 Telefax: (071) 491 0524

SGA SOCIETE GENERALE ACCEPTANCE W.V. USD 40,000,000

GOLD-LINKED 13 3/4% NOTES DUE JUNE 29, 1990

In accordance with the Terms and Conditions of the Notes, notice is hereby given that, pursuant to paragraph "Purchase and Redemption" (c) "Redemption Price", the London Spot Gold Price on June 27, 1990 at 3.00 pm (London Time), as determined by the Principal Paying Agent, was: 350.65 .

Therefore, the Redemption Price to be applied to the Notes will be 100%, the result obtained from the calculation given by the formula: (2 - (350,65/400)) x 100, being more than 100%.

Payme nt of interest and reimbursement of principal will be made on June 29, 1990 in accordance with conditions "Payments" of the Terms and Conditions of the Notes.

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE Luxembourg Branch

INTERNATIONAL COMPANIES AND FINANCE

AT&T earned \$699m or 65

cents a share in the second

quarter of last year. Analysts had been expecting an increase to between 68 and 75 cents 2

A company official said the profits warning was based on data for the first two months of

the quarter, April and May.

Sales of equipment for small and large businesses, such as

PABX exchanges, network switching, transmission and

cable equipment, had been disappointing. Sales of computers

and equipment for the Federal Government had also been

However, overseas sales

were doing well and long dis-tance call volume was growing. AT&T said expenses would be higher during the quarter

AT&T shares tumble on Stora sees savings from warning of earnings fall Feldmühle By Martin Dickson in New York takeover

SHARES in American Telephone and Telegraph (AT&T) fell sharply yesterday when the company warned of a probable drop in its secondquarter earnings because of lower than expected product sales in some of its US businesses. By midday the shares had fallen \$2% to \$36%.

The biggest US telecommunications group attributed the

cations group attributed the sales slowdown to "a combination of market conditions and the sluggish economy."

The company said that, while it still expected 1990 earnings to be higher than the \$2.7hn achieved in 1989, the softer second quarter would make it more difficult to meet its target of a 10 per cent to 12 per cent earnings growth for the year.

Sale of American Brass agreed By Kenneth Gooding, Mining Correspondent OUTOKUMPU, the state-owned Finnish natural resources group, has agreed to buy the American Brass Company, which claims to be the secondlargest producer of copper and copper alloy mill products in

and demand for pulp, as Stora was a substantial seller of American Bruss was the subject of a management buy-out ject of a management buy-out five years ago. Mr Joseph Goodell, Ameri-can Brass president, refused to reveal either the price paid market pulp and Feldmüble a large buyer. This would reduce the swings in profits from the

then or the proposed price but said there was no question of the American Brass manage-ment becoming millionaires.

"We will have to go on working for the company and we want to go on working for the company," he said.

If the deal is completed - it

is subject to US regulatory approval and a "due diligence" review — Outokumpu will increase its downstream cop-per business, which currently has a US\$1bn turnover, by about one third, and consolidate its position as the secondlargest producer of copper and copper alloy semiproducts.

American Brass employs

1,600, has annual revenues of \$365m and is profitable. Its out-

put of 120,000 short tons (about 109,000 tonnes) will take Outok-

because demand for its new

credit card, introduced in March, had been twice the

level expected.

During the first 79 days of

operation, the company opened lm accounts for 1.7m cards,

compared with expectations

that just 500,000 accounts would be opened. The new card, seen as a potentially pow-

erful new entrant to the credit

market, allows users both to

pay for phone calls and buy goods and services.

AT&T vice chairman and chief financial officer, said the group's "overall financial position is solid and earnings are on target in our long-distance businesses, which continue to

grow and remain very competi-tive."

Mr Morris Tenenbaum.

Outokumpu Copper already has three companies in the US and production plants in the Scandinavian countries, the Netherlands and Spain.

copper and copper-based strip and tube materials, mainly for the construction and electronic industries in the US, in three locations: Buffalo, New York; Kenosha, Wisconsin; and Franklin, Kentucky.

makes comparisons difficult, but on a pro forms basis, sales

in the 16-month period increased to DKr18bn from

DKr11.99bn in the previous 12

months, pre-tax profits from DKr921m to DKr1.47bn and net

profits from DKr655m to

the 16-month period from DKr4.80bn to DKr4.58bn, the

relatively modest growth being explained by goodwill write-offs. About half group output is exported, a share which is expected to grow.

Equity capital increased over

DKr1.25bn.

umpu Copper's production to

traded in Japan.
In announcing the deal Unisys said it would be expanding
its joint ventures with Mitsui in other international markets American Brass produces

The transaction will strengthen Unisys' balance sheet which has nearly \$4bn of dobt. common shares is capped at 4.6 per cent under the terms of the transaction. This is partly to quell concerns about a foreign company investing in a signif-cant defence contractor such

as Unisys.

After seven years, Mitsui will wind up its holding by selling its Unisys shares into the market, a Unisys spokes-man said. If the current market price then is lower than price at which the preferred stock was converted into common, Mitsui will be compensated up to the value of its initial invest-

Unisys has the right to redeem the preferred issues after three years.

Mitsui is to buy \$50m of series B preferred shares and \$100m of Series C preferred shares convertible into common at \$20 and \$21 a share

Danisco posts DKr1.47bn pre-tax profit

mark's biggest manufacturing

companies.
Despite a "eatisfactory" year,

Danisco will not pay a divi-dend, but will instead issue

being, but will instead issue bonus shares to a value of 2 per cent of share capital. The reason for the decision was an unclarified legislative situation concerning the double taxation of dividends, which the Government has promised to abol-

Satisfactory results were schieved by all five divisions,

said the report. Extensive buy-ing and selling of companies

By Hilary Barnes in Copenhagen

DANISCO, the group formed by one of the biggest mergers in Danish corporate history, made a satisfactory start to its existence with a pre-tax profit of DKr1.47bn (\$230m) on turnover of DKr16bn in a 16-month fiscal period to April 30.

The group was formed with effect from January 1 1939, from Danske Sukkerfabrikker (Danish Sugar), Danske Sprifabrikker (Danish Distillers) and Danisco to create a food, bever-

Denisco to create a food, beverages, food ingredients and packaging company. Measured by turnover, it is one of Den-

Steel group in Venezuelan deal

By Joseph Mann

AN AMERICAN steel company has signed a letter of intent with the Venezuelan Government's heavy industry and mining conglomerate, the CVG, covering the construc-tion of a US\$165m plant for producing iron ore briquettes in Venezuela's Guayana indus-

trial zone. Oregon Steel Mills and the CVG plan to build a facility with capacity for producing 750,000 tonnes a year of bri-750,000 tonnes a year of briquettes for export, using Venezuelan iron ore. Under the terms of the letter, which calls for the signing of definite contracts within the next 22 months, Oregon Steel Mills will hold 80 per cent of equity in the joint venture and the CVG will have 20 per cent.

The CVG, owned by the Venezuelan Government, is increasing the country's capacity to produce and export iron

ity to produce and export iron ore briquettes. Kobe Steel oper-ates a renovated briquette plant under a CVG concession and Canadian investors plan to participate in another plant.

lasue of up to U.S. \$250,000,000 Elders Resources Floancial
Services Pty Limited Subordinated Guaranteed Floating Rate Notes due 1996

For the interest period June 28, 1990 to December 28, 1990 the Notes will carry an interest rate of 9.2875% per ansum. The interest payable on the relevant interest payable on the relevant interest payment date, December 28, 1990 will be U.S. \$4,721.15 per U.S. \$100,000 Nordinal Amount.

luna 28, 1990

BANEXI

The Merchant Bank of Banque Nationale de Paris

is pleased to announce the formation of

BANEXI FRANCE DEVELOPPEMENT

an investment fund to invest in privately held French companies

> to be managed by **BANEXI-GESTION**

Principal Subscribers

British Investment Trust Eagle Star Investment Managers Ltd **ECI** Eurofund Friends Provident Life Office Guardian Royal Exchange plc Irish Life Assurance plc Lloyds Development Capital Stichting Pensionenfonds Rabobankorganisatie

Placement Agent

STEPHEN ROSE AND PARTNERS LIMITED London

May 1990

Inspectorate International Finance N.V. £69.300,000 5% Guaranteed Convertible Bonds Due 1998

(The "Bonds") guaranteed by ADIA SA

The Board of Directors of Adia SA, Chéserex (Switzerland), has decided to issue on 2nd July 1990, free warrants to the shareholders and holders of Participation Certificates of Adia SA. In accordance with Condition 7 of the Bonds, the right of

conversion of the Bonds may not be exercised (and accordingly Bonds may not be lodged for conversion) during the period commencing 2nd July, 1990 and ending on the 16th July, 1990. The right of conversion of the Bonds may be exercised from 17th July, 1990. Notice of the adjustment, if any, will be published as soon as practicable after the effective date of the adjustment.

Bankers Trust Company, London 28th June, 1990 Principal Paying & Conversion Agent

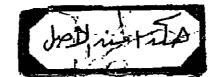
NEW FACE OF BRITISH BROADCASTING

The Financial Times proposes to publish this survey on: 11th September 1990

For a full editorial synopsis and advertisement details, please contact

Neville Woodcock on 071 873 3365 or write to him at : Number One Southwark Bridge London SEI 9HL

FINANCIAL TIMES



INTERNATIONAL COMPANIES AND FINANCE

The Call State seeks solution to Framatome wrangle

A # 1 2 4 A MA !

45 - 15

By William Dawkins in Peris

THE French Government is considering a fresh solution to the politically charged three-month wrangle for control of Framstome, the partly stateowned nuclear plant builder.
The proposal, under which prance's CEA atomic energy commission would take a majority stake in Framatome.

majority stake in Framatome, is expected to be forwarded shortly to Mr Pierre Suard, charman of Compagnie Générale d'Electricité (CGE), the privately owned company at the heart of the row.

CGE raised a political storm recently by boosting its stake in the plant builder to 52 per cent, upsetting the previous balance in favour of the state.

The Government wants to The Government wants to regain control, because of the group's strategic importance in a country which gets 80 per cent of its electricity from nuclear power stations, the highest proportion in the

world.
The Administration is under The Administration is under growing political pressure for a quick solution from the Socialist Party, which is planning to propose a law nationalising Framatome. This would be contrary to President François Mitterrand's policy of allowing neither nationalisations nor eductivations.

privatisations, Under the plan, the latest of order the plan, the latest of several possible solutions, CGE would be invited to sell 6 per cent of its shares to CEA Industrie, a division of the atomic energy commission, or to Cogema, the CEA's nuclear fuel subsidiary.

CEA Industrie owns 35 per cent of Franctone. Cogema

cent of Framatome. Cogema would take over another 10 per cent, now held by Electricité de France, the public electricity utility, so giving the CEA direct and indirect control of 51 per cent of Framatome's

cGE says the Government has made contact, but it has not yet received firm offers. Mr ard has always argued that CGE took a majority in Frama-tome for solid industrial rea-sons, because of the shared interests with CGE's power generation business, but he is ready to sell at a market price if there is no agreement. Fr

Reshuffle at Wagons-Lits brings in new partnership

WAGONS-LITS, the Belgian wagons-lits, the Belgian travel and tourism group, last night set the seal on a far-reaching reshuffle of its shareholding and management structures which will bring accor, the French hotel company, into a key position in its organisation. organisation.

The restructuring places Wagons-Lits under the control of a Franco-Belgian partnership composed of Société Générale de Belgique (La Générale), the Belgian holding company, Caisse des Dépôts et Consignations, the French state financial institution, and Accor.

Sodexho, the French catering Sodexho, the French catering company which has taken an 18 per cent stake in Wagons-Lits and whose chairman, Mr Pierre Bellon, has been joint chief executive with Mr Francois Boyaux since last year, appears to be pushed into second place,

Bruxelles Lambert, the Belgian financial group, will sell

gian financial group, will sell its 26.75 per cent stake in Wag-

ons Lifs to La Générale which will, in turn, transfer this stake to a company held jointly with Accor, La Générale is already the leading share-holder in Accor with 12 per

La Générale, which will take 19.5 per cent straight away with an option on the remaining 7.25 per cent exercisable up to July 1 1990 said it had paid "significantly over the market rate" for the stake, which would be the it at more than would value it at more than

The 26.75 per cent held by La The 26.75 per cent held by La Générale and Accor, with Caisse des Dépôts' 28 per cent, will form a majority, although Sodexho's 18.6 per cent could, with 6.75 per cent still held by Rolaco, a Saudi Arabian group, form a blocking minority under Belgian company law.
Vicomte Etienne Davignon, chairman of La Générale; was chairman of La Générale, was last night expected to take over as chairman of Wagons-Lits' permanent committée, while Mr Jean-Marc Simon, head of

C3D, an investment subsidiary of Caisse des Dépôts, was set to replace Comte Jean-Pierre de Launoit, a representative of Bruxelles Lambert, as chairman of the board.
Mr Robert Zoladz, director of

strategy and development at Accor, is expected to become joint chief executive of Wagons-Lits, but Mr Bellon is expected to drop the post

within a year.

Bruxelles Lambert, which
had backed Sodexho's entry into the group and had also wanted to sell Wagons-Lits wanted to sell Wagons-Lits'
Pullman hotels division to
Trusthouse Forte of the UK,
appears to have fallen out with
the other major shareholders,
including Mr Robert Lion,
chief executive of Caisse des
Dépôts, who has been eager to
develop a substantial European
tourism group by fostering
links between its various
investments in the sector. Earlier attempts to marry Waglier attempts to marry Wag-ons-Lits with companies such as Havas Tourisme have falled.

E German investment by Siemens

By Andrew Fisher

SIEMENS, the West German electrical and electronics concern, is planning to invest more than DM1bn (\$595m) in

East Germany in the next few years and is currently working on some 30 projects.

It said it expected to employ between 25,000 and 30,000 people in East Germany, with turnover building up to over DM5hm.

In its financial year to Sep-tember 30 1989 the group's worldwide turnover totalled DM61bn. Its year-end employ-

ment figure was 365,000 people, of which 227,000 were in West Germany. Capital spending last year amounted to DM7.9bn.

Stemens' main activities in East Germany will be in the fields of communications and data processing, energy and transport technology, factory automation, medical technol-ogy and environmental protec-

ogy and environmental projec-tion.

The company said it had concluded a number of joint ventures with East German

kombinate (industrial groups) with others planned in the lighting and household appli-

Like AEG, its much smaller rival which is part of Daimler Benz, Siemens looks likely to play an important role in rebuilding East Germany's shaky infrastructure, especially in the areas of communications - the country's tele-phone system is extremely underdeveloped - transport, energy and plant moderniss-

Mecca recommends Rank's £544m bid

MECCA LEISURE, Britain's lest Thursday. It said Mr Guth-biggest leisure group, yester-day surprised the City by rec-day surprised the City by recbiggest leisure group, yester-day surprised the City by rec-ommending the hostile \$544m (\$941m) takeover bid which Rank Organisation lamched at the beginning of the month,

writes Andrew Bolger. Meeta also revealed that Mr Michael Guthrie, its chairman and chief executive, unexpect-edly underwent heart surgery

Meces said its main reason for recommending the Rank offer was that in the present unfavourable market conditions it was unable to achieve acceptable prices for the asset disposals which were required

Rank's one-for-nine, all-paper offer values each Mecca ordinary share at 95.7p. Mecca's shares closed at 88½p, up 4½p on the day, and Rank shares closed down 3p at 861p. If successful, the takeover would create Britain's largest leisure company, with annual sales of more than £1.6bn.

Lex, Page 14; Analysis, Page 27

Krupp increases losses to **DM452m**

FRIED. Krupp, the West German diversified steel and engineering group, said group net losses widened to DM452m (\$270m) in 1989 from a loss of DM202m a year earlier, AP-DJ

However, it predicted a return to profitability in The wider shortfall reflected

losses on the sale of some divi-sions and a large one-time loss of DM705m resulting from book-keeping moves aimed at strengthening the company's Similar moves were also

behind the 12 per cent drop in 1989 net profits reported ear-lier at Krupp's steel division, Krupp Stahl. Fried. Krupp said group

operating profit rose to DM410m in 1989 from DM217m a year earlier and sales, as reported, advanced to DM17.7bn from DM14.7bn in

The company said that, after a difficult year, it was heading for higher profitability. "The business year 1989 was a turn-ing point for the Krupp group; the burdens of the past have been digested," said Mr Ger-hard Cromme, chairman. In the first six months of 1990, operating profit was more than a third higher than in the year-earlier period, Mr Cromme said. He did not give

He predicted that divisions accounting for 91 per cent of the company's sales would have a "clearly positive" operating result in 1990, up from

73 per cent in 1988.
Mr Cromme said the troubled plant-building division had also "emerged from the valley of tears." After losses totalling about DM1bn in percent years. Mr Cromme said. recent years, Mr Cromme said the division had been restruc-tured to cope with future chal-

• Varta, the West German battery maker, said its world-wide group sales in the first five months of 1990 rose 3 per cent to DM794m over the same period last year. Mr Guenter Mordhorst,

chairman, said the Bad Hom-burg-based company's finan-cial performance in the open-ing months of 1990 was "not

De Benedetti warns Berlusconi of limit to Mondadori talks

By Haig Simonian in Turin

MR Carlo De Benedetti has warned his rival, Mr Silvio Ber-lusconi, that the door to a negotiated settlement of the crisis at Mondadori, the Italian publishing group, will not stay open indefinitely.

In his first comments to the press after last week's arbitrators' decision backing his claim to a crucial 25.7 per cent stake in Amef, the holding company which owns a bare majority of Mondadori's ordi-nary shares, Mr De Benedetti's position has hardened appre-

position has hardened appreciably.

Speaking at the annual meeting of CIR, his holding company, Mr De Benedetti said he remained ready to hold direct talks with Mr Berlusconi. However, any settlement would have to "bear in mind reality," and notably "who has the majority and who has the minority."

The comments come in the run-up to three decisive Mon-

run-up to three decisive Mon-dadori shareholders' meetings on Friday to approve the group's 1989 accounts, vote on the two separate rights issues put forward by the De Bene-

detti and Berlusconi factions and appoint a new board.
With "ordinary" and "extraordinary" meetings due to span the day from 10.00am to 7.00pm. it is probable that Mr De Benedetti will succeed

lusconi as chairman. However, the new board will still not entirely reflect Mr De Benedetti's position of strength following the arbitrators' ruling, as his contract to buy the crucial Amel stake only becomes operational on Janu

in his aim of unseating Mr Ber-

In the meantime, officials appointed by the court, which sequestrated the Amel shares pending a resolution to the quarrel over their ownership, are likely to play the same cenboard as they have on Amet's new board of directors

appointed in May.
The Amel board, on which the court has the casting vote, has already decided to support neither of the proposed rights issues, and Mr De Benedetti said he would be willing to

Sofigen holds payout after profit adjusted

SOCIETE Financière de SOCIETE Financière de Genève, the Swiss holding company of the group con-trolled by Mr Carlo De Bene-detti, will pay shareholders an unchanged dividend of SFr10 per bearer share and SFr1 per registered share on its 1889 eccount Some 340 000 hearer account. Some 240,000 bearer shares are publicly traded. Sofigen reported at the end of April a 28 per cent rise to SFr18.5m (\$13.1m) in 1989 net

stris.m (\$13.1m) in 1885 het consolidated earnings but announced that the profit would be reduced to SFr4.3m after certain investments had been adjusted to their current market value.

This week the annual general meeting supported a received supported and the second received supported a received supported and received supported supported and received supported eral meeting approved a re-organisation under which Cerus, the French holding com-pany of the De Benedetti group, is acquiring 75 per cent

of the voting rights in Sofigen. The constellation of minority shareholders who joined Mr De Benedetti in founding Sofigen have sold their interests to have sold their interests to Cerus. These included Swiss Bank Corporation; Zurich Insurance; Lombard, Odier & Cie, the Geneva private bank; and Hanover AG, a company owned by Mr Stephan Schmidheiny, the Swiss financier and industrialist. industrialist.

Cerus is ceding 74 per cent of Banque Duménii Leblé to Sofi-gen, which will be primarily a passive bank holding company. Sofigen owns 9.6 per cent of Compagnie de Banque et d'Investissement; 6.5 per cent of Brown Shipley, a UK merchant bank; and 25 per cent in M&A Bank, Austria's first independent dent merchant bank.

MANAGEMENT EDUCATION DEVELOPMENT

The Financial Times proposes to publish this survey

24th JULY 1990

For a full editorial synopsis and advertisement details, please contact:

Michael Rowlands on 071-873 3349

or write to him at:

Number One Southwark Bridge London SEI 9HL

FINANCIAL TIMES

INTERNATIONAL CAPITAL MARKETS

The Financial Times propose to publish this survey on:

2nd July 1990 For a full editorial synopsis and advertisement details, please contact

> David Reed on 071 873 3461 or write to him at : Number One Southwark Bridge

FINANCIALTIMES

All of these securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE

ំពីភាគស៊ី នាស់ខែនេក ១១៦ June 14, 1990

\$1,850,000,000



E. I. du Pont de Nemours and Company

Zero Coupon Convertible Subordinated Notes Due 2010

Fach Note will be convertible at the option of the Holder at any time on or prior to maturity, unless previously redeemed or otherwise purchased, into common stock, par value \$0.00 per share, of the Company (the "Common redeemed or otherwise purchased, into common stock, par value \$0.00 per share, of the Company (the "Common Stock") at the Conversion Rate of 4.013 shares per Note. The Conversion Rate will not be adjusted for accrued Original Issue Discount but will be subject to adjustment upon the occurrence of certain events affecting the Common Stock of the Company. Upon conversion, the Holder will not receive any cash payment representing accrued Original Issue Discount; such accrued Original Issue Discount will be deemed paid by the Common Stock received on conversion. The foregoing is subject to the Company's right to pay cash equal to the value of the shares of Common Stock into which Notes are convertible in lieu of delivering such shares of Common Stock.

Notes will be purchased by the Company at the option of the Holder on June 14, 1995, June 14, 2000 and June 14, 2005 at Purchase Prices equal to the Issue Price plus accrued Original Issue Discount to the Purchase Date.

2005 at Purchase Prices equal to the Issue Price plus accrued Original Issue Discount to the Purchase Date.

The Company, at its option, may elect to pay such Purchase Price in cash, shares of Common Stock or Subordinated Repayment Notes of the Company, or in certain combinations thereof.

The First Boston Corporation

Blunt Ellis & Loewi A.G. Edwards & Sons, Inc. Edward D. Jones & Co. Bateman Eichler, Hill Richards

Morgan Keegan & Company, Inc.

Legg Mason Wood Walker

McDonald & Company

Raymond James & Associates, Inc. The Robinson-Humphrey Company, Inc. Wheat First Butcher & Singer Capital Markets

NEW ISSUE Sianger of the second of the

Iune, 1990



TOKYO TATEMONO CO., LTD.

¥ 20,000,000,000

7 per cent. Bonds due 1997

ISSUE PRICE 100% PER CENT.

Daiwa Europe Limited

Fuji International Finance Limited

UBS Phillips & Drew Securities Limited

Yamaichi International (Europe) Limited

LTCB International Limited

Nomura International

Yasuda Trust Europe Limited IBJ International Limited

The Nikko Securities Co., (Europe) Ltd.

Cosmo Securities (Europe) Limited

Nippon Credit International Limited Nippon Kangyo Kakumaru (Europe) Limited

Dai-ichi Europe Limited

Daito Securities Europe Ltd.

S.G. Warburg Securities

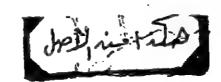
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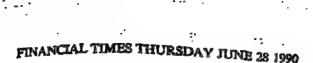
in na be sin ou me atr

European Investment Bank

13% Bonds Due 1996

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of August 31, 1984 under which the above described Bonds were instead, that European Investment Bank has called for redemption on August 31, 1990 \$25,000,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to August 31, 1990. The serial numbers of the Bonds selected for redemption are as follows: COUPON BONDS (All in \$1,000 denomina 63/570 GTMM 59387
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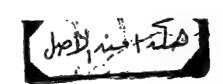
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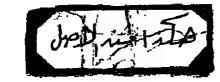
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On August 31, 1990 there will become due and payable upon each Bond selected for redemption price, together with interest accrued to August 31, 1990 there will become due and payable upon each Bond selected for redemption price, together with interest accrued to August 31, 1990 there will be come due and payable upon each Bond selected for redemption price, together with interest accrued to August 31, 1990 there will be consistent and payable upon each Bond selected for redemption price, together with interest accrued to August 31, 1990. Payment of the redemption price of the Bonds to be redeemed will be made in such coin On August 31, 1990 there will recome one and payable upon each sond selected for renemption the said renemption price, tagether with interest accross to tagether with recome on the United States of America as at the time of payment is legal tender therein for the payment of public and private debts thereon, upon presentation and surrender of said Bonds, with all coupons apperatining thereto maturing after August 31, 1990, at the label's option and subject to applicable laws and regulations at the main offices of Caisse d'Espargne de l'Estat and Circorp Bank (Luxembourg, Citiban, N.A. in London and Deutsche Bonk AG in Frankfurt am Main, On and after the date fixed for redemption interest on said Bonds will cease to accrue. Coupons due August 31, 1990 should be detached from the Bonds and presented for payment in the usual manner.

> For EUROPEAN INVESTMENT BANK CITIBANK, N.A. as Fiscal Agent.

June 29, 1990





INTERNATIONAL COMPANIES AND FINANCE

Singapore alters KL share status

By Joyce Quek in Singapore and Gordon Cramb

THE SINGAPORE Government is to end an exemption for Malaysian investors, classing them for the first time as foreign shareholders, as part of an overhaul of ownership limits for local companies.

This emerged yesterday after a day of upheaval in the island's banking sector. The Monetary Authority of Singapore, the island's de facto central bank, said on Tuesday that the level of foreign share ownership of local banks could be doubled to 40 per cent.

Atthough the timetable for this remained unspecified, yes-terday it was made clear that this would take into account Malaysian shareholders, rede-fining foreign shareholders as non-Singaporean citizens or permanent residents.

The move — which is in line with practice in Malaysia —

follows the decoupling of the

Singapore and Kuala Lumpur stock markets last year. It particularly affects shares in listed the first time. Reflecting the absence of a previous restriction on foreign ownership. DBS companies which have a sepa-

rate market quotation for for-eign-owned holdings.

These holdings in the Big Four local banks had traded at a Substantial premium, reflecting the scarcity of avail-able stock within the 20 per cent limit.

This was severely eroded overnight as the belief that a much bigger pool was now available pulled the foreign-held share price down. However, Malaysian inves-tors are substantial owners of

shares in the four banks, and yesterday's ruling means that overall foreign ownership levels are not as far from the new ceiling as was thought on

Tuesday night.
The rules will cover the state-controlled DBS Bank for

has 44.1 per cent of its shares in foreign hands. The bank will be given time

meet the new requirement, but from yesterday it stopped registering any transfer of shares which would increase the foreign holdings. Of the other three, OCBC said yesterday it had a 34 per

cent foreign ownership and OUB said it was at 24 per cent. UOB gave its level as 26.7 per cent but with the prevalence of backlogs in the existing queueing system under which foreign business transfer level in eign buyers transfer locally purchased shares, the ultimate percentage may be higher.
One stockbroker said he

believed that the new rules would come into effect after the banks convene extraordinary meetings to ratify the

changes, a process which would take about three to four

Another was optimistic that, although the MAS decision had not been anticipated by foreign clients and had led to confusion, in the long term the move would give foreigners more opportunities to invest in a

strong sector.

It was pointed out that Mr
Lee Kuan Yew, the Prime Minister, had cautioned on his recent European tour that Singapore banks and insurance companies would not be able to enjoy government support against foreign competition for

much longer.

• Kim Eng Holdings, a Singapore quoted stockbroking group, yesterday reported net profits of \$\$13.5m (US\$7.3m) on turnover of S\$47.3m in the year to March, during which it undertook a share flotation.

4.7% Coles Myer stake

By Bruce Jacques in Sydney

ANZ Banking Group, one of Australia's big three private sector banks, has revealed itself as the buyer of a 4.7 per cent stake in Coles Myer, the

largest retailing group.

ANZ yesterday confirmed market speculation that it had paid A\$225m (US\$176m), or A\$9 a share, for the Coles Myer parameters. cel sold in an off-market trans-action on Monday by Premier Investments. Premier is the main flagship company of Mr Solomon Lew, the Melbourne investor who has hit liquidity

Mr Lew is also the Coles Myer deputy chairman, and retains a stake of about 12 per cent in the company, maintaining him as the second largest shareholder after the US-based ANZ said it had bought the shares as a "long term strate-gic investment" but did not explain why it had paid a A\$1.20 a share premium over

the market price of A\$7.80. Coles Myer shares fell a further 4 cents yesterday to A\$7.72 in Sydney.

However, ANZ is believed to be the Premier group's biggest creditor with exposure of about A\$300m, and the transaction was seen by Australian analysts as a debt-for-equity swap.

ANZ, which refused to comment further on the deal, was seen to be more comfortable with an expensive share position in Coles Myer than with a debt exposure to Premier.

The transaction also brought an intervention by the Austra-

an intervention by the Australian Stock Exchange which yesterday asked Premier directors if there were any conditions attached to the sale.

The directors said there were not and that the reason for the premium over market price was the quantity of shares involved and the purchaser's long-term confidence in Coles Myer.

ANZ emerges as buyer of | Sasol aims to lift earnings with R1.2bn investment

By Philip Gawith in Johannesburg

SASOL, the South African synthetic fuel group specialis-ing in the conversion of oil to coal and gas, has announced six new projects which will involve capital expenditure of RL3m (\$450m) and which are expected to boost its earnings by 18 per cent, or R300m, by 1993.

The announcements are in line with Sasol's stated inten-tion of diversifying into higher value-added chemicals without neglecting their synthetic fuel operations. The new projects use the chemical feedstocks

derived during the synfuel pro-cess, such as ethylena, propyl-ene and ammonia.

The programme, which should be completed by 1993, will consist of a production line for candle and specialised waxes, a new ammonia plant, a production facility for paraffin products, an n-butanol plant, an anode coke plant and an expansion of

the ethylene recovery plant. The projects will be aimed at replacing imported industrial chemicals, but some of the facilities will also be directed to the export market. Mr Paul Kruger, managing director of Sasol, estimates that more than R400m foreign exchange will be saved in this way.

Of the investment, R750m will be at Sasol 1 in Sasolburg, with the balance at Secunda where the Sasol 2 and 3 plants

are located.

The three projects at Sasol 1 are a wax expansion project, which will double production capacity to 123,000 tonnes; a facility to produce parafinic products for detergent and solvent purposes; and a 240,000 tonne a year ammonia plant for use in fartiliser and explosives markets. The main projects sives markets. The main project at Secunda will be a R330m anode coke plant which will produce anode and needle coke, both currently imported.

Malaysia plans to privatise 20 airports

MALAYSIA plans to privatise 20 of its airports valued at M\$800m (US\$221m) by early next year, Reuter reports from

Knala Lumpur.
A transport ministry official said a new company, Malay-sian Alrootis Corp, had been formed to take the sirports over from the Department of Civil Aviation. British Alroot Services, a unit of the UK's BAA, as well as Malaysia's Amanah Merchant Bank and two other local companies were studying ways to privat-

ise the airports.
Six of the 20 are international airports, while eight are located in the states of Sabah and Sarawak on Borneo island.
The Government will transfer all the areas to the rest far all the assets to the new company but operations such as air traffic services and flight control would remain in gov-enment hands. "Only non-regulatory functions such as air-port management and other related services will be priva-tised," the official said.

Sasea posts comparable earnings of SFr25m

By William Dullforce in New York

SASEA, the Geneva-based investment banking group headed by Mr Florio Florini, yesterday posted 1880 consolidated net earnings of SFr25m (\$17.7m), which it said was comparable with net earnings

of SFr24m in the previous year.

In the 1988 annual report the group recorded a net profit of SFr20.4m but has since modified its method of amortising the conduction of the second of t the goodwill on its acquisi-tions. Cash flow climbed from SFr63m in 1988 to SFr95m.

Following the increase in share capital, from SFr201m to SFr402m, earnings per share have declined from SFr12 to SFr8 but Sasea said the holding company's profit potential was being maintained.

The holding company, which operates to a June year-end, was expected to report increased earnings and would pay a dividend equal to or more than that paid in 1988, Sages said.

more than SFr200m had been sold since the beginning of 1990. Melia International, Amsterdam, of which Sases owns 42 per cent, had signed a contract for the sale of its majority holding in Renta Inmobiliaris, of Madrid.

Chamotte Unie, Amsterdam, in which Sasea has a 60 per cent controlling stake, was in an advanced stage of negotiating the sale of some of its insurance holdings.

Sasea specialises in acquisi-

Sasea specialises in acquisitions, corporate reorganisa-

tions and the resale of investtions and the resale of invest-ments. Last year its consolidated balance sheat more than doubled, from SFr1.5bn to SFr3.6bn, largely as the result of the incorpora-tion of Scotti Finanzaria, a Milan-based property group, which posted assets equivalent to SFr1.3bn at the end of 1989. Currently Sasea has a 35 per cent interest in Tamoil (Sui-sse), the Libyan-controlled con-sortium.

Property assets valued at

CS First Boston to establish

CS First Boston, the US investment bank, is establishing a presence in New Zealand by buying the local stockbroking, fixed interest, futures, research and corporate advisory business of Jarden Morgan NZ, AP-DJ reports from Wellington.

Mr Peter Thomas, chief executive of CS First Boston Australis, said that the price "will be a premium to the net assets

approval by New Zealand regu-lators, as well as both the New Zealand Stock Exchange and futures exchange. The sale must also be approved by shareholders in Jarden Mor-gan, a New Zesland-listed com-

gan, a New Zealand-Insted com-pany that owns Jarden Morgan NZ.

CS First Boston Australia will also acquire the corporate advisory business of Jarden Morgan Australia. Jarden Morgan previously sold the pre-cious metals business of its Deak International unit.

NZ foothold

be a premium to the net assets of the broking business." The transaction is subject to

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY

EUROFIMA

Pesetas 10,000,000,000 13.75% Note

Due June 1995

Banesto

Banco Exterior de España, S.A.

Banco Santander de Negocios

J.P. Morgan S.V.y.B

Banco Bilbao Vizcaya, S.A.

Algemene Bank Nederland N.V., Sucursal en España Banco Comercial Transatlántico, S.A., (Grupo Deutsche Bank) Banco Hispano Americano, S.A.

Banque Bruxelles Lambert, Sucursal en España Bankers Trust, Sociedad de Valores, S.A. Crédit Commercial de France, Sucursal en España Midland Bank Plc., Sucursal en España

S.B.S., Sociedad de Valores, S.A.

Dresdner Bank A.G., Sucursal en España Nikko España, Sociedad de Valores, S.A. Tokyo, Sociedad de Valores (España), S.A.



J.P. Morgan

June 1990

BANCO DI ROMA

Interest accress for me woon put and payable on 28th December 19 will amount to US\$ 2,152.16 per

US\$ 50,000 Certificate and US\$ 21,521.56 per US\$ 500,000



U.S. \$300,000,000

Floating Rate Notes Due 1996 8.7375% per ennun

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CIVAS 14 LIMITED et Rete 8.7375%, p.a. Interest d June 28, 1990 to December 28, Interest Physbie per US\$50,000 June 28, 1990, London By Chibank, N.A., (CSSI Dept.), Agent Ba

March 1990

This announcement appears as a matter of record only.



USD 350.000.000

Bridging Facility to finance the purchase

Stena Line (UK) Ltd.

of all shares in

Sealink British Ferries Ltd.

NB

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Company Limited Minorco SA

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Randfontein Estates Gold Mining Company Witwatersrand Limited

Rand Mines Limited

Please note that from 2nd July 1990 the London Bearer Reception office for the companies listed above will be:

BARCLAYS BANK PLC STOCK EXCHANGE SERVICES DEPARTMENT 54 LOMBARD STREET LONDON EC3P 3AH

Coupons for dividend payments in respect of these companies should be presented at the London Bearer Reception office together with listing forms which are available at that office. Callers are requested to use the entrance at 19 Gracechurch Street.

> ES0,000,000 ALL NIPPON AIRWAYS CO., LTD. **GUARANTEED FLOATING RATE NOTES DUE 1991**



principal and interest by The Long-Term Credit Bank of Japan, Limite

Notice is hereby given that the Rate of Interest has been fixed at 15.0625% p.a. and that the interest payable on the relevant Interest Payment Date, September 27, 1990 against Coupan No. 23 in respect of £5,000 nominal of the Notes will be £189.83.

lune 28, 1990, Londan By: Citibank, N.A. (CSSI Dept), Agent Bank

CITIBANCO



Santa Barbara Savings and Loan Association

U.S. \$400,000,000 **Collateralized Floating Rate Notes** Due September 1996

Notice is hereby given that the Rate of Interest has been fixed at 8.4375% p.a. and that the interest payable on the relevant Interest Payment Date, September 28, 1990, against Coupon No. 16 in respect of U.S.\$100,000 nominal of the Notes will be U.S.\$2, 156.25. une 28, 1990, London

By: Citibank, N.A., (CSSI Dept.), Agent Bank

COMPANY NOTICES

THE ROYAL BANK OF CANADA U.S. \$350,000,000 Floating Rate

In accordance with the Terms and Conditions of the Debentures, the Interest rate for the period 29th June, 1990 to 31st July, 1990 has been fixed at 8%% per annum. On 31st July, 1990 interest of U.S. \$7.5 per U.S. \$1,000 nominal amount of the Debentures will be due for payment. The rate of interest for the period commencing 31st July, 1990 will be determined on 27th July, 1990.

Agent Bank and Principal Paying Agent ROYAL BANK OF CANADA EUROPE LIMITED

partet of 29% will be delegad, where the can be recompared by as father Recom-

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NORTH WEST ENGLAND FINANCIAL & PROFESSIONAL SERVICES

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16th July 1990

For a full editorial synopsis and advertisement details, please contact:

> Brian Heron 061-844 9381 Telex: 666831: Fax:061-832 9248

Financial Times Alexandra Buildings Queen Street Manchester M2 Birminghan B15 1PG

FINANCIAL TIMES

INTERNATIONAL CAPITAL MARKETS

German bonds in retreat after Bundesbank repo

By Deborah Hargreaves in London and Karen Zagor in New York

AUSTRALIA

THE West German bond market suffered from a bout of profit-taking yesterday after the Bundesbank's regular weekly tender of repurchase agreements had indicated a slightly tighter than expected

monetary policy.

The fact that the tender was DM1.2bn below market expec-tations was taken as a sign that the Bundesbank wants to take a tight stance ahead of next Monday's monetary union between the two Germanys.

The Bundesbank's action

pushed Bund futures down by almost a full point and the market was still in decline in market was still in decline in after-hours trading late yester-day. After opening at 83.58 — up on Tuesday's close — Bund futures had fallen to 82.70 late yesterday. Yields were at 8.74

per cent.
The D-Mark also remains weak within the European Monetary System, Although the D-Mark remains strong against the dollar and the yen,

GOVERNMENT BONDS

it appears weak in Europe against the lira and peseta.

As the market closed, the German Government said that Rast Germany would keep part of its subsidy package, worth DM12.3bn, after monetary union. Bund traders remain concerned about the inflationary aspects of monetary union.

■ RUMOUR and gossip beset the London gilts market yester-day. Prices were pushed down

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BENCHMARK GOVERNMENT BONDS

Technical Data/ATLAS Price Sources

12.000 7/99 92.1642 +0.194 13.53 13.56 13.49

by about % of a point on rumours of a large overseas

selling order. In a thin market, the sell-off in Bunds also affected trading in gitts and a large Eurosterling issue drew some interest away from the market.

■ US Treasury bond prices were little changed yesterday morning as uncertainty about the prospects of an accord to cut the US budget deficit kept

trading in check.
At mid-session, the Treasury's benchmark 30-year bond was unchanged at 1021, yield-ing 8.51 per cent. Shorter-dated maturities were up about ±

The Federal Reserve entered the open market to arrange \$2bn customer repurchase agreements when Ped funds, the rate at which banks lend to each other, were Yesterday morning's economic news, that the leading indicators index had risen 0.8 per cent in May, had no impact on the bond market, since the rise was in line with projec-

yesterday afternoon's \$8.25bn four-year note auction. In a week which has seen a record supply, yesterday's sale was generally regarded as poten-

tially the most troublesome, because of the longer maturity. Bonds had rallied as much as a point on Tuesday after President George Bush said "tax revenue increases" were vital to a responsible deficit reduction package. The President's words sparked hopes of a lower deficit, and the prospect of less government bor-rowing and room for interest rates to fall.

SBC moves foreign operations to Zurich

SWISS Bank Corporation plans to consolidate its domestic and

to consolidate its domestic and general management operations in Basle and concentrate foreign operations in Zurich, AP-DJ reports.

The changes, which will become affective over the rant 18 months, are being made in response to increased competition in the global banking industry, SBC said.

The reorganization is not

The reorganization is not expected to trigger lay-offs. Further details on the new tructure will be provided at the bank's six-monthly press

The new finance and international group, to be based in Zurich, will operate as a sepa-rate profit centre, and will focus on foreign exchange and precious metals trading, money market operations, stock market activity, capital markets, and corporate finance and

The group will also handle all business outside Switzerland. The new organisation in Zurich should be operational by 1 July 1991 at the latest, and is expected to significantly improve our effectiveness and efficiency at the inter-

national level," said the bank. In Basie, the bank's general management and branch organisations will be conso dated under a single head office. SBC said the new arrangement would make it possible to streamline the organisation, shorten the chain of command and eliminate numerous duplications of effort. It noted that other lead-ing Swiss and international banks already had similar

organisational structures.

The structure for the Basis office is expected to be in place by January 1 1992.

FT/AID INTERNATIONAL BOND STRVICE

U.S. BOLLAR STRANGITS	Blued	. 264	Offer	day	Appr	OTHER STRAIGHTS ALBERTA PROVINCE 10 92 CS	Append 1000	지 하는 이 경험
9.4. MALAR STRAIGHTS AGBEY MATORALE 7/8 93 ALBERTA PROVINCE 13/8 95 AMERICAL CENTRAL 3/4 95 AUSTRIAL 11 14/4 90 AUSTRIAL BLZED BANK OF TONYO 5/8/8 96 BELEMIN 9/18/9 BPC 7-3/4 97 BPC 25/4 97 BPC 25/4 97 COLF 9/4 96 COLF 9/4	150 400 100	THE PROPERTY OF THE PROPERTY O	100 S	-	Section News	BCF UNC 95/0193 CS	500 300 150 1100 1100 1000 1000 1000 100	## ## ## ## ## ## ## ## ## ## ## ## ##
AUSTRALIA 11 1/4 00	100	110%	1117	報	. W. 33	BELL CAMAINA 10 546 99 CS PURD CREDIT CAMADA 10 99 CS FURD CREDIT	130	## 11
AUSTRIA 8 1/200	100 400 100 400	245	95%	_	2.12	FORD CREDIT CAMADA 10 94 C\$	100	924 925 +4 12.50
BELCHUM 9 1/8 92	490	100 5	100 ST	•	9.16	MONTREAL TRIESTON B 1/2 92 CS	100	23 93 4 110
RMP 8 5/8 94	꿃	77	964		145 145	ONTAIOD HYDRO 10 1/8 TY CS	200	95 95 H 1155
8P CAPITAL 95/898	150	100-	1016		9.35	ROYAL TRUSTED 10 1/4 93 CS	100	935 945 +5 12.88 945 945 +5 12.17
COE 91495	190 MM	1007	STREET ST		\$ 13	AUSTRIA 7 3/8 93 Eca	選	好 歌 子旋
COUNCIL EUROPES 96	360 350	945	317		9.24	COFFRET I VIDWILLIS 996 Fee	: 젊	42 654 - 10.62 943 95 10.19
CENHARK 8 1/4 94	100	964	97		9.3	DENMARK 7 5/8 96 Em	差0	885 895 10.40
COUNCIL EUROPE 6 % DENIMARY 0 96 DENIMARY 0 96 DENIMARY 0 1/4 96 EECT 0 1/4 96 EECT 1/4 95	26	20,0	3	44	9.34	DENMARK 7 5/8 % Eas EEF 75/8 % Eas EIB 10/97	500	881 881 10.45 911 921 10.45 981 983 10.27 10.21 10.24 +1 10.28
EB734%	歌	93%	955	44	13	TALY 10 3/4 00 Eco	260	1024 1024 +4 10.28 724 934 -4 10.15
ELEC DE FRANCE 9 98	颛	994	794		9.25	BNW FINANCE 141/292AS	100	1004 101 +4 14.24
EUROFINA 9 1/4 96 EUROFINA 9 1/4 96 EUROFINA 9 7/6 97	250 250 250 250 250 250 250 250 250 250	101	1012	44	9.25	EKSPORTFINANS 12 3/8 95 AS	努	1904 191 +4 14.24 985 994 +4 14.48 984 945 -4 14.48 984 964 -4 15.34 1014 1924 +4 14.43 1004 14.45 1995 1995 +4 14.29
FIRLAND 7 7/6 97 FTRINISH EXPORT 9 3/8 95	300	427	934		4.52	FORD CRED AUST 13 93 AS	50	96 96 - 14.69
FORD MOTOR CREDIT 9 1/295	36	100%	Wi 4		9.24	ID 151/292 AS	700	1014 1024 +4 14.43
FIRMS ASPAIN 1289 FIRMS MUTOR CREDIT 9 1279 GAZ DE FRANCE 12 1495 GEN ELEC CARTAL 9 3895 GHALFAN 9 1279 REM WORLD TRADE 7 5895 REM TRADE ASPARAM FIRM 7 7 897 REM TRADE ASPARAM FIRM 7 7 897	. 175	100%	707	清	675 675 675 675 675 675 675 675 675	MAT AUSTRALIA BANK 143/494 AS	. 150 100	1004 1004 14.57 995 1004 44 14.29
GHAC 912 %	虁	98%	993	-1-	937	STATE BK RSW 14 1/4 99 AS VULUSWAGEN HITL 15 94 AS BARCLAYS JERSEY 9 1/2 93 E	100	## 14 15 15 15 15 15 15 15 15 15 15 15 15 15
ISM WORLD TRADE 7 5/6 93	150	954	964	-	9.29	EB 10 97 £	300	略 第 - 1276
IND BK JAPAN FIR 7 78 97	200	3	924	4	9.43 9.34 9.36	EIB 10 97 £ FURD CREDIT FUNDING 95/8 93 € INTER AMER DEV 11 3/8 95 £ ITALY 10 1/2 14 £ LAND SEES 9 1/2 /07 £ LEEDS PERMANENT 9 1/4 93 €	契	904 91 -4 13.91
ITALY B 1/296 JAPAN DEV BX 8 94 KANSAI ELEC PWR 18 96	1990	443	475		477	ITALY 10 1/2 14 E	400	95 21 1272 27 27 4 1209 75 75 4 135
KANSAI FI PC PWR 1096	150 150 150 150 150 150 150 150 150 150	1024	1024	44	9.14	LEEDS PERMANENT 9 1/4 98 C	50	901 901 - 13.63
LTCE B 5/8 93	150	995	974		919	HERIS PERMANENT 9 1/4 98 6 HORWAY 10 1/2 94 5 MILLS HERYES 9 5/4 41 F	550	904 904 -4 13.45 904 904 -4 13.79 904 944 -4 13.88
MOPPON CRED BK 9 3/4 93	150	1014	1015		4 2		100	张 44 子 38
MIPPON TEL & TEL 93/895	300	1005	2014	4444	9.15 9.57 9.57 9.51 9.51 9.53 9.53	WORLD BANK 11 1/4 95 E Unilever cap comp 1/4 92 res AIDC 7 7/8 93 FFT Denmark B 1/8 91 FFT	100 600 2003	95 95 1263 102 103 +1 1200 93 93 1039 97 97 1018
MISSAN ACCEPT DORS 9 LIA 93 SISSAN ACCEPT DORS 9 LIA 93 CLYMPIA & YORK B LIA 96 OSTER KOMTROLLEAMS 8 LIA 93 PRUDENTIA BLY TSES 0 99 CUEBEC PROM 9 99 SANKSUIRY 9 LIS 99 SANKSUIRY 9 LIS 99	4	8942	914	-3	10.72	AIDC 7 7/8 93 FTr	600	934 934 -4 10.39
OSTER KONTROLL BANK & LOR 93	200 200	974	787		9.50 9.01	EURATOM 7 5/8 98 FFT	500	554 864 -4 10.35
PRUDENTIAL RUTY SECS 0 99	36.26	4	464	44	9.51			
QUEBEC PROV 9 90	150 200	974	#72	+4	9.50			
SAIKSBURY 9 1/8 %	290 150 200 300	1077 WILLIAM WELL THE	100 to 10		9.46 9.80 9.49 9.30			
SAS 10 99. STATE BK STN AUST 9 2,4 93. SUM FROM 1 TET 7 3/4 91.	300	993	1001	474	9.49			
SWEDEN & 1/8 94	190	964	77		9.2			
SWEDISH EXPORT 9 5/8 93	300	MI.	101 to 100 to 10	44 44	9.28 8.96 9.28 9.18 9.17 9.59	PLOATING RATE NOTES	Imped	Bid Offer C.opp
WORLD BANK 8 3/8 99	1500 1500	**	96.5		9.18	PLOATING RATE NOTES ADDSY WATHONAL 1/16/00 F ALBERTA PROVINCE 1/32/93 ALLIANCE & LEICS 0.08 94 E	150 500 300	99.97 100.02 15.3125 20.00 100.00 P.40-7
SWEDEN \$ 1/3 PA SWEDEN \$ EXPORT 9 SE 20 TOKYO METROPOL \$ 1,14 % WORLD BANK \$ 3/6 PA WORLD BANK \$ 3/6 PA XEROX CORPH \$ 3/8 96	1500		99		ATA	AUTIANCE & LEICS DOR ON P		
		496	951	- 49	9.89	DANCE BY MARCH LINT CI	300	99.97 200.02 15.3125 99.99 100.00 8.4063 99.94 15.3300
RESITTEMENT STATES STREET,	-	45	954	+2	9.89	BANCO DI NAPOLI BIT 91BANCO ROMA 0.03 01	300 150 200	99.94 15.3300 99.97 100.07 8.8750 96.00 96.25 1100
ASIAN DEV BANK 5 94	200		454		8.98	BANCO DY RAPOUT BY YI BANCO ROMA 0.03 01 BELGUM 1/16 97 DM	300 150 200 500	96.00 96.25 1300 200.08 100.13 8.9375
ASIAN DEV BANK 8 94 ASIAN DEV BANK 8 94 AUSTRA 6 98 CUT 6 1/8 98	200 400 200		454		8.98	BANCO DO RAPOLO SE Y Y L BANCO ROMA O .03 01	300 200 200 200 200	96.00 96.25 LE00 200.08 100.13 E.9375 99.83 99.93 8.4175
DESTINATION MAIN STRAIGHTS ASIAN DEV BANK 5 94 ANSTRA 6 98 CREDIT FORGER 6 349 99 CREDIT FORGER 6 349 99	200 400 200		454		8.98	BANCO DO RAPOLO SE Y Y L BANCO ROMA O .03 01	300 150 200 500 350 300 150 500	96.00 96.25 H 200 100.00 100.13 E.9375 98.83 99.93 8.4175 98.75 98.85 8.3750 99.93 99.98 15.500 94.91 94.71 8.550
RESTRICTE MARK STRAIGHTS ASSAN DEV BANKS 94 ANSTRA 6 98 ONT 6 1/2 98 CROIT FONGLER 6 3/4 99 DEUTSCHE BK FAN 5 5/8 98 EEG 5 3/9 98	200 400 200		454		8.98	BANCO ROMA 6.03.01. BELGUM 1/16 97 DM BPCE-0.02 96 BRIP 05 BRITANNIA 1/10 96 5 CTICORE 1/4 98	250 500 350 350 250 250 250	96.00 96.25 H 200 100.00 100.13 E.9375 98.83 99.93 8.4175 98.75 98.85 8.3750 99.93 99.98 15.500 94.91 94.71 8.550
RESTRICTE MARK STRAIGHTS ASIAN DEV BANKS 94 AUSTRA 6 98 CAT 6 1,87 96 CEDIT FONCER 6 34 99 DEUTSCHE DK FAN 5 5/8 96 EEC 5 34 97 EIN 6 1/8 96	200		454		8.98	BANCO ROMA 6.03.01. BELGUM 1/16 97 DM BPCE-0.02 96 BRIP 05 BRITANNIA 1/10 96 5 CTICORE 1/4 98	200 200 250 250 250 250 200 200	96.00 100.13 8.975 96.00 100.13 8.975 96.00 99.00 8.4175 96.00 99.00 8.755 99.00 8.755 99.00 8.7125 99.00 8.7125 99.13 49.70 8.125 99.13 49.23 8.1275
ASIAN DEV BANK 8 94 ANISTRA 6 98 CREDIT FONCER 6 34 99 DEUTSCHE BIX FIN 5 58 95 EEC 5 3/8 93 EIR 6 1/8 95 EER 6 7/8 95	200 400 200 500 750 300 300		454	されてなますなる	8.98	BANCO ROMA 6.03.01. BELGUM 1/16 97 DM BPCE-0.02 96 BRIP 05 BRITANNIA 1/10 96 5 CTICORE 1/4 98	200 200 250 250 250 250 200 200	96.00 100.13 8.975 96.00 100.13 8.975 96.00 99.00 8.4175 96.00 99.00 8.755 99.00 8.755 99.00 8.7125 99.00 8.7125 99.13 49.70 8.125 99.13 49.23 8.1275
ASIAN DEV BANK 8 94 ANISTRA 6 98 CREDIT FONCER 6 34 99 DEUTSCHE BIX FIN 5 58 95 EEC 5 3/8 93 EIR 6 1/8 95 EER 6 7/8 95	200 400 200 500 750 300 300		454	されてなますなる	8.98	BANCO ROMA 6.03.01. BELGUM 1/16 97 DM BPCE-0.02 96 BRIP 05 BRITANNIA 1/10 96 5 CTICORE 1/4 98	200 200 250 250 250 250 200 200	**************************************
ASIAN DEV BANK 8 94 ANISTRA 6 98 CREDIT FONCER 6 34 99 DEUTSCHE BIX FIN 5 58 95 EEC 5 3/8 93 EIR 6 1/8 95 EER 6 7/8 95	200 400 200 500 750 300 300		454	されてなますなる	8.98	BANCO ROMA 6.03.01. BELGUM 1/16 97 DM BPCE-0.02 96 BRIP 05 BRITANNIA 1/10 96 5 CTICORE 1/4 98	200 200 250 250 250 250 200 200	**************************************
ASIAN DEV BANK 8 94 ANISTRA 6 98 CREDIT FONCER 6 34 99 DEUTSCHE BIX FIN 5 58 95 EEC 5 3/8 93 EIR 6 1/8 95 EER 6 7/8 95	200 400 200 500 750 300 300		454	されてなますなる	8.98	BANCO ROMA 6.03.01. BELGUM 1/16 97 DM BPCE-0.02 96 BRIP 05 BRITANNIA 1/10 96 5 CTICORE 1/4 98	200 200 250 250 250 250 200 200	**************************************
ASIAN DEV BANK 8 94 ANISTRA 6 98 CREDIT FONCER 6 34 99 DEUTSCHE BIX FIN 5 58 95 EEC 5 3/8 93 EIR 6 1/8 95 EER 6 7/8 95	200 400 200 500 750 300 300		454		8.98	BANCO ROMA 0.03 01 BELGUM 1/16 97 DM BELGUM 1/16 97 DM BEJCHUM 1/16 96 COMMEZCRE 0/5 FR 93 DENMARK 1/19 96 DENMARK 1/19 96 MISSUI FRI ASIA 1/19 96	200 200 250 250 250 250 200 200	**************************************
ASIAN DEV BANK 8 94 ANISTRA 6 98 CREDIT FONCER 6 34 99 DEUTSCHE BIX FIN 5 58 95 EEC 5 3/8 93 EIR 6 1/8 95 EER 6 7/8 95	200 400 200 500 750 300 300		454	されてなますなる	8.98	BANCO ROMA 0.03 01 BELGUM 1/16 97 DM BELGUM 1/16 97 DM BEJCHUM 1/16 96 COMMEZCRE 0/5 FR 93 DENMARK 1/16 96 DENMARK 1/16 96 FERRO DEL STAT 94 HALIFAK 1/10 94 6 MITSUI FIN ASIA 1/8 96 MORGAN 1/10 1/4 97 MAT WEST FIN 3/16 05 GEW ZEALAND 93 BORTHEAST SANINGS 1/10 96	200 200 250 250 250 250 200 200	**************************************
ASIAN DEV BANK 8 94 ANSTRA 6 98 CRT 6 1/8 98 CRT 6 1/8 98 CRT 6 1/8 98 DEUTSCHE BX FIN 5 5/8 98 EECE 5 3/8 98 EECE 5 3/8 98 EELE 5 1/8 98 ELE DE FRANCE 6 1/8 98 ELE DE FRANCE 6 1/8 98 ELE DO DEL STAT 5 3/8 93 MID SK 1/4 94 LIGTHAMSA HIT FIN 5 7/8 98 MITCH ANDER DEV 7 1/4 99 LIGTHAMSA HIT FIN 5 7/8 98 WICKLE BANK 6 3/4 99 WICKLE BANK 6 3/4 98 WICKLE BANK 6 3/4 96 WICKLE BANK 5 3/4 96	200 400 200	19 外の最高的である。	15 15 15 15 15 15 15 15 15 15 15 15 15 1	されてなますなる		BANCO ROMA 0.03 01 BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BECE-0 to 50 BIP DO. BIP DO. BIP DO. CTICORP 14 99 COTICORP 14 99 COMMEZCEK (0,5 FIN 93 DENMARY. 1/18 96 FERRO DEL, 51/4 97 MAI WEST FIN 1/18 05 MISSUI FIN ASIA 1/8 96 MORGAM USP 1/4 97 MAT WEST FIN 1/18 05 MEW ZEALAND 93 MORTHEAST SANINES 1/10 96 PORTUGAL 0.05 99 QUEBEC PROV 01. RENTE 99 SOCIETE GEBERALE 96 UNITEEN KONGON — 1/18 96	200 200 250 250 250 250 200 200	**************************************
ASIAN DEV BANKES 94 ANSTRIA 6 98 CRT 16 1/2 99 CRT 16 1/2 99 DELITISCHE BIX FIN 5 5/8 95 EECE 5 3/6 99 EILE DE FRANCE 6 1/8 99 ELE DE FRANCE 6 1/8 99 WORLD BANK 6 1/8 99 WORLD BANK 6 1/8 99 WORLD BANK 6 1/8 99	200 200 200 200 200 200 200 200 200 200	場合はあるでは、「ないない」というできます。	10 8 8 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	されてなますなる	8.0017 9.84 9.114 9.114 9.114 9.115 9.115 9.115 9.115 9.115 9.115 9.115 9.115	BANCO ROMAR 0.03 01 BELGUM 1/16 97 DM BEJGUM 1/16 98 S CTICKEN SPEED 0.15 96 COMMERCEK 0/5 FIR 93 DERMARY - 1/19 96 BERNARY - 1/19 96 BERNARY - 1/19 97 BASTA STATE 94 BORRARY - 1/19 1/16 95 BORTHER STATE 3/16 95 BORTHE	250 500 350 350 250 250 250	**************************************
ASIAN DEV BANKES 94 ANSTRIA 6 98 CRT 16 1/2 99 CRT 16 1/2 99 DELITISCHE BIX FIN 5 5/8 95 EECE 5 3/6 99 EILE DE FRANCE 6 1/8 99 ELE DE FRANCE 6 1/8 99 WORLD BANK 6 1/8 99 WORLD BANK 6 1/8 99 WORLD BANK 6 1/8 99	200 200 200 200 200 200 200 200 200 200	場合はあるでは、「ないない」というできます。	10 8 8 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	经经济的经济的 经人工的	8.96 9.117 9.54 8.227 9.114 9.129 9.125 9.	BANCO ROMA 0.03 01 BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BECE-0 to 50 BIP DO. BIP DO. BIP DO. CTICORP 14 99 COTICORP 14 99 COMMEZCEK (0,5 FIN 93 DENMARY. 1/18 96 FERRO DEL, 51/4 97 MAI WEST FIN 1/18 05 MISSUI FIN ASIA 1/8 96 MORGAM USP 1/4 97 MAT WEST FIN 1/18 05 MEW ZEALAND 93 MORTHEAST SANINES 1/10 96 PORTUGAL 0.05 99 QUEBEC PROV 01. RENTE 99 SOCIETE GEBERALE 96 UNITEEN KONGON — 1/18 96	200 200 250 250 250 250 200 200	**************************************
ASIAN DEV BANK S 94 ANSTRA 6 98 CRI 1 1/2 19 CREDIT FONCIER 6 3/4 99 DEUTSCHE DK. FIR 5 5/8 96 EEE 5 3/4 97 EIR 6 1/8 96 ELE 10 F. FRANCE 6 1/8 99 E	260 260 260 260 260 260 260 260 260 260	場合はあるでは、「ないない」というできます。	10 10 10 10 10 10 10 10 10 10 10 10 10 1	されてなますなる	8.96 9.117 9.54 8.227 9.114 9.129 9.125 9.	BANCO ROMA 0.03 01 BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BECE-0 to 50 BIP DO. BIP DO. BIP DO. CTICORP 14 99 COTICORP 14 99 COMMEZCEK (0,5 FIN 93 DENMARY. 1/18 96 FERRO DEL, 51/4 97 MAI WEST FIN 1/18 05 MISSUI FIN ASIA 1/8 96 MORGAM USP 1/4 97 MAT WEST FIN 1/18 05 MEW ZEALAND 93 MORTHEAST SANINES 1/10 96 PORTUGAL 0.05 99 QUEBEC PROV 01. RENTE 99 SOCIETE GEBERALE 96 UNITEEN KONGON — 1/18 96	200 200 250 250 250 250 200 200	**************************************
ASSAN DEV BANKE 94 ANSTRA 6 98 CRT 6 1/8 99 CRT 6 1/8 99 DELITSCHE BK FIN 5 5/8 95 SEC 5 3/6 99 SIB 6 1/8 95 SIB 6 1/8 95	260 260 260 260 260 260 260 260 260 260	場合はあるでは、所名のでは、これでは、これでは、これでは、これでは、これでは、これでは、これでは、これ		经经济的经济的 经人工的	8.96 9.117 9.54 8.227 9.114 9.129 9.125 9.	BANCO ROMA 0.03 01 BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BECE-0 to 50 BIP DO. BIP DO. BIP DO. CTICORP 14 99 COTICORP 14 99 COMMEZCEK (0,5 FIN 93 DENMARY. 1/18 96 FERRO DEL, 51/4 97 MAI WEST FIN 1/18 05 MISSUI FIN ASIA 1/8 96 MORGAM USP 1/4 97 MAT WEST FIN 1/18 05 MEW ZEALAND 93 MORTHEAST SANINES 1/10 96 PORTUGAL 0.05 99 QUEBEC PROV 01. RENTE 99 SOCIETE GEBERALE 96 UNITEEN KONGON — 1/18 96	200 200 250 250 250 250 200 200	**************************************
ASIAN DEV BANK 6 94 ANSTRA 6 98 CRI 6 1/8 98 CRI 6 1/8 99 DELITSCHE BK FIN 5 5/8 95 SEC 5 3/6 99 SIB 6 1/8 95 SIB 6 1/8 96 SIB 6 1/8 9	200 200 200 200 200 200 200 200 200 200	がお記めるではありだからなられるからののかはある。 のでは、ないもとなっているからないのかは、 のですっている。 のでする。 のでな。 のでする。 のでするでな。 のでする。 のでな。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでする。 のでな。 のでする。 のでな。 のでな。 のでな。 のでな。 のでな。 のでな。 のでな。 のでな。 のでな。 のでな。 のでな。 のでな。 のでな。	10 10 10 10 10 10 10 10 10 10 10 10 10 1	经经济的经济的 经人工的	89077894822744259 9992444259 9992444259 99924 7668 899	BANCO ROMA 0.03 01 BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BELLEUM 1/16 97 DM BECE-0 to 50 BIP DO. BIP DO. BIP DO. CTICORP 14 99 COTICORP 14 99 COMMEZCEK (0,5 FIN 93 DENMARY. 1/18 96 FERRO DEL, 51/4 97 MAI WEST FIN 1/18 05 MISSUI FIN ASIA 1/8 96 MORGAM USP 1/4 97 MAT WEST FIN 1/18 05 MEW ZEALAND 93 MORTHEAST SANINES 1/10 96 PORTUGAL 0.05 99 QUEBEC PROV 01. RENTE 99 SOCIETE GEBERALE 96 UNITEEN KONGON — 1/18 96	200 200 250 250 250 250 200 200	**************************************
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Amsterdam Euro-index approaches launch

By Deborah Hargreaves

THE race to create an index of top European stocks speeded up yesterday when Mr Tjerk Westerterp, president of Amsterdam's European Options Exchange, announced that his Top 100 index would be calculated in real-time prices from July 16. Reuters started to display prices of stocks in the index on Tues-

Mr Westerterp said shares had been selected from coun-tries with a total stock market capitalisation of more than Ecu50bn. The capitalisation weightings of shares in the index have been determined by turnover of shares in their ome country over the past

Nine countries are included in the index, with the UK the most heavily weighted country at 22 per cent. France and Germany have a 15 per cent weighting each and Switzerland and Italy a 10 per cent weight. Spain, Sweden and the Netherlands are weighted at 8 per cent and Belgium at 4 per

The value of the index will be expressed in Ecu and will be calculated on a daily basis. Mr Westerterp says the EOR and the Amsterdam Financial Futures Market will soon begin trading options and futures based on the index.

The futures markets in London and Paris are also looking at developing their own verat developing their own versions of a Euro-index.
Although Mr Westerterp is offering his index to other exchanges, few European markets have taken him up on it.
However, he is talking to the American Stock Exchange in New York about possibly listing the index on its market, where it would be denomi-

where it would be denominated in US dollars.

Maltese bank stake up for sale

By Geoffrey Grima

MID-MED Bank, Malta's largest state-owned commercial bank, is negotiating the sale of 25 per cent of itself. with some European banks.

Paribas, one of France's private financial institutions, began negotiations over the

The negotiations with Pari-bas, which have taken place in Valletta, form part of the Government's strategy to dispose of its 49.9 per cent sharehold-ing in Mid-Med, the former Barclays Bank operation. The remaining shares are to be put up for public subscriptions locally.

According to government officials, it is hoped to conclude the disposal by this time next year.
Mid-Med. with assets total-

ing \$658m, towers over the island's two other state controlled banks, Banco Valletta and Lombard, which recently put some of its shares out for public subscription. The Government's banking strategy is aimed at diluting state interest as Malta pre-

state interest as Malta pre-pares to apply for full Euro-pean Community membership. Mid-Med last year reported an after-tax profit of M£3.5m. Lending totalled M£190m (\$594m) and deposits grew to M£358m. Last year the bank increased paid up capital to M£6m and increased share-holders funds to M£12m. holders' funds to M£12m.

Saudis offer state bonds to foreigners

SAUDI Arabia has offered state bonds to foreign investors in a policy turnround aimed at widening its secondary market for the instruments, Reuter reports.

According to Gulf-based bankers, the Saudi Arabian

Monetary Agency (SAMA) has informed commercial banks that they can sell the two- to five-year development bonds

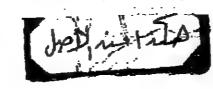
issued since 1988 to help
cover budget deficits — to new

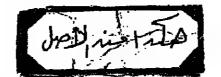
categories of investors.

These include banks operating in the Bahrain-based offshore market and overseas branches of Saudi firms. Institutions incorporated within or resident in the six-member Gulf Co-operation Council (GCC) are also eligible to pur-

chase bonds.

Bankers said that the move, the latest in a series of steps by SAMA to broaden the bond market, indicated that the kingdom intended to rely on the instruments as a long-term source of cash. No one is revealing how many bonds have been issued. But bankers recton that the commental bankers reckon that commercial banks have taken about a third of the total, and state-owned institutions the remainder.





INTERNATIONAL CAPITAL MARKETS

Sterling sector gets first car loan receivables deal

The 2323m issue of floating-rate notes was issued by Car-diff Automobile Receivables Securitisation UK, known by the acronym CARS. The receiv-ables were originated by Chartered Trust, a finance subsidjary of Standard Chartered. The five-year notes pay interest at 25 basis points above the

London interbank offered rate.

Many FRN investors have already bought mortgagebacked securities, so are familiar with the concept of securitisation. A certain novelty value, coupled with extensive pre-marketing by lead manager Goldman Sachs, helped ensure firm demand and broad distribution, even though the pricing was more aggressive than initial price talk had suggested. The positive recep-tion of the CARS issue may encourage other companies to securitise assets, now that many initial structural difficulties have been resolved.

The five-year final maturity.

much shorter than for mort-gage-backed securities, was an incentive for some investors. The average life of the issue is expected to be three-and-a half to four years, as loans which mature up to the end of the third year can be substituted.

At the fixed re-offered price

Sainsbury(c) | edish Export Credit(d) |

THREE issues were launched in the sterling sector, including the first sterling Eurobond Libor. This compares with margins of just under 30 basis points for sterling mortgage-backed securities which are expected to mature in four or

Credit enhancement is pro-

INTERNATIONAL BONDS

vided by a letter of credit from Union Bank of Switzerland, which will ensure a triple-A credit rating

A £100m issue for J. Samsbury, the UK supermarket chain, was launched into a chain, was naunched into a softening UK gilts market. The five-year 12% per cent bonds were priced to yield 64 basis points above the 12 per cent gilt due 1995. Underwriters said pricing was too aggressive to allow them to make any money on the issue, which traded at a discount equal to its full fees of 1% point. However, signs of Swiss interest prompted hopes that the issue would be placed on the Swiss banks' buy lists. Lead manager S.G. Warburg Securities reported broad

demand in Europe.

The issue may also be helped by a dearth of primary paper, as the lack of attractive arhitrage opportunities is likely to discourage a stream of issues.

NEW INTERNATIONAL BOND ISSUES

100.20

2000

Dealers speculated that a swap into floating-rate sterling for Sainsbury would have been at a level of about Libor flat. Elsewhere, the European Investment Bank brought a FFribn 10-year issue fungible with an outstanding FFribn issue launched earlier this

The pricing was considered to be aggressive. At a yield spread of 47 basis points above the 10-year French Treasury, the issue did not offer any riald wish up aggressive. yield pick-up over the old issue, according to lead man-ager Crédit Lyonnais. How-ever, unlike recent issues for French companies, the deal was targeted at international investors. It was bid at 1%, on full fees. In the Australian dollar sec-

brought an A\$65m issue of 15½ per cent three-year bonds via Westpac Banking Corp. The issue, targeted at continental retail investors, was bid at less 1.45, just inside 1½ point fees. The third issue launched in the straing center was a 500m. the sterling sector was a £20m issue for Swedish Export Credit via Midland Montagu. Redemption of the five-year issue is linked to the sterling/P-Mark rate, and is targeted at the sterling a bullish right. investors taking a bullish view on sterling. However, there is a floor on the redemption price

at 78 per cent of par.

13/14 Gredit Lyonnels

11/2/1 Westpec Banking

tor, the Government Insurance Office of New South Wales

Belgium looks anew at government debt

Bond yield spread

against German bonds (%)

Belgium bond vield differential

Deborah Hargreaves explains a wide-ranging reform of borrowing policies

Government to institute a wide-ranging reform of the domestic money market is being reflected in a new approach to its borrowing poli-

The Government is issuing its debt in a new form in a bid to make it more attractive to overseas investors.

The Government started to issue linear bonds, Obligation Linear - Lineaire Obligatie, the so-called OLLOs - in May last year in a bid to attract foreign buying of domestic bonds. Under the old system foreign investors ran into tax distincentives. Although they paid no witholding tax, they had to go through a lengthy process of claiming back the tax and registering their bond holdings in Brussels.

OLLOs are similar to French government bonds, or OATS, in the way the Government can tap an issue – the latest issue is due to be tapped today. They have an average life of

The move by the Belgian five to six years and are distributed by a Dutch auction.
Under the old system, the bonds were callable - another feature that was offputting for overseas buyers - and were distributed by a consortium of

> Mr Umberto Arts, who sells Belgian bonds to foreign buy-ers at Krediethank in London, says he has seen a steady increase in overseas interest in the last two to three months, helped partly by unsettled conditions in the German bond market in the run-up to German monetary union next

decision to peg the Belgian franc to the D-Mark is another factor that has sparked foreign interest in the market. In addition, the Government cut the three-month interest rate to 9.4 per cent yesterday.

Although the country still supports a massive budget defi-cit, linking the franc to the D-Mark is a sign that the Gov-

The Belgian Government's

ernment is managing to control the economy. Indeed, the Belgian inflation rate at 2.98 per cent has fallen just under the level in Germany which is around 3.2 per cent.
The yield spread between the two markets has narrowed considerably with the tighter monetary policy in Belgium. The Belgian OLLOs are currently

offering a yield of 9.70 per cent to 9.80 per cent - about 100 basis points higher than German yields – and Mr Arts believes this will narrow to 45 basis points later this year. Since the OLLOs are largely placed in the international

market via the auction system, they offer the Belgian Treasury a cheap source of funding. Under the old placement system, banks could command a hefty fee for distributing the

Belgian investors are infamous buyers of foreign bonds

the Belgian dentist cuts a legendary figure in the Eurobond market — but the net outflows of capital have worted the Covernment in a high ried the Government. In a bid to keep some money inside the country, the Government has cut the rate of witholding tax on bonds from 25 per cent to 10 per cent — this is likely to spark additional domestic demand for government paper. In fact, the Government recently reported that the

country's savings rate in Belgian francs had risen above the rate in foreign currency for the

first time in 30 years. At the same time, the Government is expected to open up the market for issuing Europaper in Belgian francs. The market is expected to open up in a couple of months when the central bank institutes a queue system for would-be borrowers in the Euromarket.

I n a further move that should add depth and liquidity to the market, a futures exchange, Belfox, will be starting up next year. The exchange will run a screen sys-tem with its key product being a futures contract based on a notional bond.

An over-the-counter futures contract based on a notional bond has been running for the past two years, but the banks which trade it believe that an exchange will provide a more transparent market for hedg-

Futures talks make headway

TALKS between the Chicago Board of Trade and a group of UK insurance brokers on a joint futures product made some progress yesterday and both sides left the meeting in the belief that there is room for some co-operation if not for a truly global product.

The two insurance products under development in Chicago and London are "strikingly complementary," according to one broker at the meeting. The Chicago initiative is based on the US insurance market while the London group has focused on a more international con-

able to issue up to \$300m of

medium-term notes in the international market.

Notes under the programme, which if successful will provide

more evidence of Turkey's rehabilitation in the interna-

tract that would be based on marine or aviation insurance. in addition, the CBOT's con-tracts, which are based on car collision and healthcare insur-since, are designed to be traded by the time-honoured method of open outcry in a trading pit. The brokers in London are looking at a screen-based prod-uct that would be cheaper to use. They are not necessarily concentrating on a futures product and could look at

The London group which is led by the International Com-modities Clearing House and

The securities will be listed

on the International Stock Exchange in London, Saudi

options first

includes leading insurance brokers is in contact with the London International Financial Futures Exchange (Liffe) and the London Futures and Options Exchange (Fox). The group said yesterday it would soon reveal details of its contract proposals.

The creators of Chicago's contracts believe that deriva-tives on insurance products could have the potential to

dwarf the massive Treasury bond futures market that is the

enterprise finance corporation, has arranged a \$300m Euro-commercial paper programme through Svenska International.

Daiwa Europe, Skandinaviska Enskilda Banken and Swiss

Bank Corporation are also

& Poor's and P1 by Moody's, the agencies' top ratings.

It is rated A1+ by Standard

dealers on the programme.

Turkey to issue medium-term notes

Barclays issued \$500m of such paper last year, and may issue a further \$276m later this year, market conditions per-mitting, under a current shelf registration statement with the US Securities and Exchange

to US retail investors. Bar-

Barclays doubles issue of preference shares in US

By Stephen Fidler, Euromarkets Correspondent

AN ISSUE of preference shares in the US by Barclays Bank to bolster its capital has been more than doubled in size following a strong investor

Merrill Lynch, arranger of the issue, said yesterday it had been increased from \$100m to \$224m. The highly-subordinated preference shares will qualify as Tier 1 capital under Bank of England capital ade-

quacy rules.

The issue of non-cumulative preference shares carried a gross dividend of 11% per cent to investors. Part of this fixed-rate is accounted for by UK Advanced Corporation Tax, which reduces the net cost to Barclays to 8.4 per cent.

Commission, according to Mr Brian Worsley, Barclay's assis-

tant treasurer
The shares are sold mostly

clays, the first of the main UK clearers to issue such paper, appears to have benefited from US investors' worsening per-ceptions about the strengths of domestic banks. Midland Bank, Bank of Scot-

land and National Westminster Bank have been granted the right to issue such shares. Bankers say there are some doubts about whether the time would be right for Midland to approach the market National

Westminster Bank also has not yet approached the market, perhaps because it would be forced into more disclosures about its financial liability in the Blue Arrow affair. Banco de Comercio e Industria, one of Portugal's biggest private sector banks, has begun a three-day operation to

raise its capital by 10bn escudos to 17.34bn escudos. The operation involves the incorporation of reserves of 5m shares on a one for two basis, the issue of 340,000 shares at 2,000 escudos each for suff and a public offer of shares and bonds converted into stock at

#Roating rate notes. ◆Final terms. a) Pungible with existing FFribn bond leunched in January. Non-callable. Purchase fund. b) Coupon pays 45bp under 5-month Japanese long-term prime rate. Put in July 1995 at par. Non-callable. c) Non-callable. d) Redemption linked to £/DM exchange rate. a) Put and call Cot. 1992 at par. f) Coupon pays 25bp over 5-month Libor. Average life 3 2-4 years. Fixed ro-offer price. Mellon Bank aims to simplify structure

9%

15½

MELLON Bank Corporation has filed applications with the Comptroller of the Currency to consolidate the charters of its five Pennsylvania banks, Reu-ter reports.

It is undertaking the consolidation to simplify its financial and legal structure and for customer convenience.

Mellon's Pennsylvania banks include Commonwealth (North) in Oil City.

FT-ACTUARIES SHARE INDICES

National Bank in Harrisburg, Mellon Bank (Central) in State College, Mellon Bank (East) in Philadelphia, Mellon Bank in

International Bank and J.P. Morgan Securities arranged the programme and will act as joint dealers. • Industrikredit, the Swedish tional financial markets, may LONDON MARKET STATISTICS

DIESE AND EALLS VESTERDAY

THE CENTRAL Bank of be leaved in dollars or Eca and in maturities ranging from one gramme under which it will be to 15 years.

By Stephen Fidler, Euromarkets Correspondent

	The Financial Times Ltd 1990, Compiled by the Financial Times Ltd									
in conjunction with the institute of Actuaries and the Faculty of Actuaries										
EQUITY GROUPS		Wedne	sday J	lane 27	/ 1 99 0	,	Jun 26	Mon Jan 25	Fri Jun 22	Year ingo (apperox)
& SUB-SECTIONS	\vdash	Γ	<u>Fet</u> Earnings	Grees Die.	Est.	ज्यं क्यों.				
Figures in parentheses show number of stocks per section	index No.	Day's Change %	Yield% (Max.)	Yield% (Act at (25%)	P/E Ratio (Het)	nd adj. 1990 to date	Index Mo.	ladex Ma.	Index No.	Index No.
1 CAPITAL GOODS (198)	899.41		12.93		9,42	19.75				
2 Building Materials (27)	115185	-0.8	15.47	5.61	9.19 7.95	27,29 34,92				1197.00 1628.73
3 Contracting, Construction (36)	2500.04	-0.9	16.37		11.20	61.43				
4 Electricals (10)	J1792.131	I -0.9	10.37		12.50	26.12	1808.90	1809.08	1801.79	2227.67
D Francering-Agreedate (8)	473.52	-0.4	13.69	4.92	B.71	9.54	475.51			
6 Engineering-Aerospace (8)	500.58	-0.4	11.75		10.27	10.10	502.64			
B Metals and Metal Forming (6)	1 20T-90	- 0.8	23.41	6.70 6.15	5.06 7.86	26.45 9.61	305.39 378.29			
Q Mators (15)	J 375.261		14.83 10.87	4.94	7.86 10.62					1659.48
10 Other Industrial Materials (24) 21 CONSUMER GROUP (179)	1318 64	-0.7	9.26	3.83	13.34	20.52	1330.90	1332,71	132L88	1250.40
Sol D and Sinkillan (22)	natz ent	-1.0	9.44	3.59	12.82	23.38	1629.69	1633,60	1617.34	
25 Food Retailing (16)	1118.21	-0.4	10.22	4.29	12.11	19.91				1105.25 2367.25
26 Food Retailing (16)	2540.00	-0.2	9.13		14.03		2572.88			
27 Health and Household (15)	2547.05	-1.0	6.75 9.63		17.62 12.64					
			10.97		11.25			613.68	613.65	565.30
31 Packaging & Paper (13)	2556.62	-1.0	10.39		12.02	B1.93	3592.34	3585,11	3578.97	3569.55
32 Publishing & Frinting (197	838.55	-1.9	10.58	4.47	12.09	15.80				
34 Stores (34)	509.11	-0.3	12 31		10.25	18.26				
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43 Conglomerates (14)	2126.69	-0.5	10.55	4.43	12.03	47.T1	2338.56			
46 Telephone Mit WOPKU2)	11233.30		11.05		11.76	3.78				1113.80
47 Water(10)	1400.02	T-0.7	16.54	6.93	6.75	0.00 37.62				0.00 1672.02
48 Miscellaneous (25)	1822.57	-11	11.87	4.83	9.61	19.89			1193.27	1168.21
49 INDUSTRIAL GROUP (481)	1190.71		10.64		11.46	19.89 46.50			2319.00	
51 Oil & Gas (19)	2307.47		12,22	5,35	10.03	_			1288.04	_
59 500 SHARE INDEX (500)	1284.76		10.65		11.37	22.08	_			_
61 FURANCIAL GROUP (107)	811.34			5.63	5.70	21.09 25.62			1	
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70 Other Financial (24)	298.37		12,49		10.46	7.47	_			
71 Investment Tracts (67)	1220.16		= 70	3.19 6.38	12.35	44,49				
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				2369.1	2399.8	2398.51	2378.5	23/03	2371,2	2209.4
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PINANCIAL & PROFESSIONAL SERVICES IN BIRMINGHAM AND THE MIDLANDS on octale, please contact:Paul M. Jefferis/Anthony G. Hayes on 021-454 9922 George House George Road Edgbaston Birminghan B15 IPG

1

sizeable

acquisition

By Charles Leadbeater,

UNITED Engineering Steels, the Rotherham-based special

steels maker, is on the verge of making its first aignificant for-

elgn acquisition in the shape

UES, jointly owned by Brit-ish Steel and GKN, the engi-neering and industrial service

group, said it had reached

igreement in principle with

US group's midwest division which forges and machines

crankshafts for trucks, off-highway vehicles and power

generators. The two companies expect to conclude the deal in

The investment comes as

UES is in the midst of closing

its Brymbo plant in North Wales and a \$200m investment

programme in its main plants in Yorkshire. UES's plan to move into the

US comes days after it was dis-closed that British Steel had

held discussions with USX, the leading North American steel producer, over the purchase of

me of its steel assets. Wyman-Gordon's crankshaft

division employs about 646 people at plants in Michigan and Illinois. It manufactures

forgings, castings and compos-ite structures mainly for the

man-Gordon to acquire the

of a US crankshaft major.

in the US

Industrial Editor

By Andrew Hill

ROTHMANS International, the tobacco and luxury goods group, pushed profits up by 24 per cent in the year to March 31, making \$405.6m pre-tax, against £326.7m previously.

Net sales revenue increased from £1.91bn to £2.22bn and earnings per share increased by 23 per cent to 64.4p (52.3p). The recommended final dividend of 9.20 on the ordinary and B ordinary shares makes 15.4p (12.3p) for the year. The B shares slipped 2p to 753p yes-

Since last November the British company has been con-trolled by Richemont, the Swiss-based group which itself reported a 24 per cent increase in profits yesterday. Richemont raised its voting stake in 68 per cent through an offer for

the group.

Lord Swaythling, Rothmans'
chairman, said Richemont, which is controlled by the South African Rupert family, had taken a much greater interest in the running of the company since increasing its stake. I believe they are a very positive influence on the company," he said yesterday. The contribution from Roth-



Lord Swaythling: positive influence from Richemont

1989-90 was almost exactly the same as in the previous year, erating 87 per cent of group profit and the balance coming from the luxury goods operations, which include a controlling interest in Dunhill

Tobacco increased operating profits from \$265m to \$320.5m on sales of £1.74bn (£1.48bn), and luxury products put in \$49.4m (£38.1m) on turnover of £227m (£180m). Other activities The contribution from Rothmans' principal subsidiaries in to a £100,000 loss, although

Sales were 5257m (5246m). Rothmans also owns a 47 per the balance of which is con-trolled by Richemont. The UK group's share of Cartier's profits rose from SALAm to SEP.3m.

Lord Swaythling stressed the silience of the tobacco and luxury goods brand names, even when faced by hard times, and said growth would continue to be mainly organic, although the group has more than 2500m of net liquid funds

on its balance sheet.

The company would try to squeeze additional efficiencies from its tobacco manufactur-ing plants, Lord Swaythling sald, adding: "There's not enough growth in the tobacco industry worldwide for people to sit on their backsides and expect the business to come to them.

Richemont's pre-tax profits rose from \$467m to \$580m in the same period, on gross sales revenue of \$5.9bm (\$4.78bm) generated by a range of inter-ests in financial services, natural resources, luxury goods and tobacco. Earnings per unit were £254.70 (£185.40), and the dividend per unit was £41.25

aerospace industry and other industrial applications.

Graham Wood advances 52%

Graham Wood, the constructional engineer, lifted pre-tax profits by 52 per cent from 21.15m to 21.75m in the

year to March 31.
Turnover expanded 42 per cent to £39.77m (£28.68m), with all of the group's 12 bushnesses performing satisfactorily with the exception of Structural Bisencofers, which Structural Fireproofers, which is to be wound down.

Basic earnings per share alipped to 35.39 (38.89) and fully diluted to 31.2p (31.9p).

The decline reflected the sharp rise in tax to £485,000 (£145,000).

UES set for | UK housing recession bites at three companies reports Andrew Taylor Crest Nicholson falls into £572,000 loss

> CREST NICHOLSON, the housebuilder and commercial property developer, incurred a me-tax loss of 2572,000 in the six months to end-April as the housing market in southern England remained in deep

> During the corresponding period of the previous year the group made profits of

Mr Roger Lewis, chief executive, said class in interest rates had hit both the residential and commercial property mar-kets.

in the first six months of the current year Crest sold 500 homes, 16 per cent fewer than in the comparable period.

Price cuts, introduced in a bid to stem falling sales, meant that losses by the housing division rose to more than £3m. This included a provision, thought to be more than £1m, to cover future losses on land

There had been a slight revival in house sales during January and February but this had halted abruptly when building societies increased mortgage interest rates before Easter. The housing market currently remained very difficult, said Crest.

The property and contracting division is thought to have made profits of more than 13m of which construction is under stood to have contributed

Mr Lewis warned that the slowdown in the commercial property market meant that property market meant that many institutions were currently not investing in commercial property. He said the outlook for the rest of the year therefore was likely to be difficult while interest rates remained high.

The balance sheet, however, remained relatively healthy with borrowings of 149m at the

220

Crest Nicholson

Share orice (cence)

The interim dividend is maintained at 3p.

O COMMENT in spite of a torrid first half Crest should be capable of making pre-tax profits of £12m for the full year compared with £37.12m in 1988-89. This, assum-ing earnings of about 8.5p fully

diluted, puts the group on a p/s of almost 17, well above any other housebuilder. The reason for this rating can only be the potential of the large number of options to acquire housing land held by the group which operates mainly in southern England and east Midlands. These should be among the first regions to feel the benefits of any recovery when interest rates eventually decline. However, a recovery at this point looks like being at least 12 months away even assuming an interest rate fall by the end of the year. There are also other stocks just as well, if not better placed, to take advantage of a recovery when it comes. These do not command the kind of rating enjoyed by Crest even after a 9p fall to trest even after a sp tan to 144p in the company's share price yesterday. The stock is tightly held which helps explain the high rating but any upside is already in the price given the current outlook for housing.

Glynwed lapses Alumasc bid

GLYNWED International, the

engineering group, yesterday lapsed its £34m bid for Alumasc, the beer keg maker.
The deal, which had been accepted by holders of over 98 per cent of Alumasc's shares, was referred to the Monopolies and Mergers Commission ear-

lier this month. Yesterday, Glynwed refused to be drawn on whether it would now pursue the reference. "We are carefully considering all aspects of the position

at present and a decision will be made in the light of this," was all it would say.

Glynwed did, however, state that earlier hopes of restruct-uring the deal to avoid the worries which triggered the MMC referral had proved abor-tive. "It was not possible," the

It added that it would make an announcement on whether it planned to pursue matters with the MMC within the next

Globe accuses British Coal funds

Globe, Britain's biggest investment trust and currently fighting a £1.11bn bid from the British Coal pension funds, yesterday accused its predator of "just trying it on".

In its formal response to the revised terms of 205p per share, Globe claimed that the offer "was mean to start with and is now even meaner".

in na be sii ou mi atr

In its formal response to the

few days. When the referral was when the referral was amnounced, the Secretary of State for Trade and Industry said that his concerns centred on the possible effects of com-petition for metal rainwater products, Glynwed's first reaction was to express amazement at the decision and to claim

that plastics, rather than metal goods, dominated the market for rainwater products. The lapsing of the offer means that Alumase share-holders will have their share outlificates returned to them. Alumase acknowledged that this would be a "disappoint-ment", but said that "prospects for growth as an independent public company are excellent and undiminished".

Alumasc shares slipped 5p to

go private as profits dive FAIRBRIAR, a housebuilder

and commercial property developer based in southern England, has postponed plans to take the company private following a sharp fall in

Mr Remo Dipre, whose fam-ily owns about two-thirds of the shares, said difficult conditions in the housing market had made it impossible to produce a proposal which could be put to other share-

holders.
Plans to take the company private were announced at the beginning of this year

when the group's shares were trading at 92p.
Fairbriar's shares were unchanged at 28p yesterday following the autouncement that pre-tax profits had fallen from 112.07m to 12.5m during the 12 months to end-Murch. Turnover fell from \$46.91m.

to £29.01m, while earnings per share dropped from 28.56p to 5.61p. Mr Dipre said that in the light of difficult market condi-tions the market the company had decided not to pay a final dividend. The interim divi-dend was cut earlier this year

from 1.70 to 1.20p. Last year's total was 5p.
Fairbriar also announced

an extraordinary. loss of fillen taken below the line, sgainst small share stakes in rival housebuilders and prop-erty developers Bellwineh and

Mr Dipre blamed high interest rates for falling demand for residential and commercial property and for a jump in the company's inter-est bill from 21.54m to He said: "I anticipate that

the residential property mar-ket will not improve signifi-cantly until the interest rate is more favourable and that the current year will there-fore also be difficult. Mr Dipre said borrowings had risen higher than the group would like and that it was rearranging some of the financing on investment prop-erties ento a longer term

He said the group's develop-ment programme would be delayed to enable com-pleted developments to come on stream when the investment climate was more

Fairbriar shelves plans to Worst market for 50 years cuts Berkeley to £204,000

THE RECESSION in the UK housing market was the worst for 50 years Mr James Farrer, chairman of Berkeley Group, housebuilder and commercial property developer, said yester-

Mr Farrer made his remarks as Berkeley announced that pre-tax profits had fallen from £22.11m to just £204.000 during the year to the end of April. The figures included a provision of £2.8m to cover a fall in land and house prices during

the year.

Berkeley's chairman said the past year had been the most difficult the company had faced since it started trading in 1976. The impact of the alump in the housing market had been most acute in southern England where the company's operations were concentrated. Group turnover fell by 29 per cent from from £139m to 298.1m. Earnings per share fall

from 34.2p to 0.3p.

The group last year sold 378 houses, 36 per cent fewer than in 1988/88. Housebuilding profits slumped from \$21.23m to \$5.11m. Commercial property profits fell from £813,000 to \$302,000. Profits from housing joint ventures also alumped

Berkeley yesterday announce that it was forming three joint venture companies with Saad Investments of Saudi Arabia, which is taking an 8.55 per cent stake in Berkeley. Two of the joint ventures propose to acquire land put up for sale by distressed British house-builders. The third joint venture will concentrate on commercial property investment said Berkeley. The group's investment in the three com-panies will be a maximum of

from just over 23m in 1988/89 to 2566,000 last year. Interest charges were largely unchanged at £2.94m in spite of the rise in interest rates.

Mr Farrer said the company had reduced its borrowings from £32.9m to £11.1m during the 12 months to the end of April - a reduction in gearing from 40 per cent to 14 per cent of shareholders' funds. Mr Farrer warned that the company was bracing itself for another difficult year.

In spite of the sharp fall in profits Berkeley announced a maintained final dividend of Sp

ANOTHER BUSY WEEK AT SAMUEL MONTAGU...

Monday 18th June

Announced and underwrote £22 million rights issue for Sketchley.

Tuesday 19th June

Together with Düsseldorf office of Trinkaus Montagu GmbH, advised British Steel on the acquisition of Klöckner-Werke's sectional steel division at Troisdorf in West Germany for DM300 million.

Wednesday 20th June

Completed the £23 million acquisition by Lloyds Chemists of the Cross Herbert chain of chemist stores, largely financed by successful £13 million share offer.

Thursday 21st June

Following appointment as adviser to Tarmac Properties Limited, underwrote £12 million facility to assist funding part of 142 acre former BREL site at Swindon.

Together with the Corporate Finance team at Midland Bank, S.A. Paris, advised Pinault S.A. on the sale of Chapelle-Darblay to Kymmene Oy for FFr 1.32 billion.

Friday 22nd June

Completed loan financing for the acquisition of Hotel des Indes in The Hague by Intercontinental Hotels.

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Stratagem to relaunch Colonnade

By Clara Pusrson

STRATAGEM, the inves company which won a tough battle with British & Commonwealth over the takeover of Colomnade Development Capi-tal earlier this year, plans to relaunch the company, previ-ously involved in UK venture capital, as a vehicle for invest

capital, as a vehicle for investments in Turkey.

Argosy Asset Management
is to manage The Turkey Trust
and Mr Asil Nadir, chairman
of Polly Peck International,
the trading group, is to
become one of its directors.
Imperbank of Istanbul will be
the local investment adviser.

There are proposals for a
placing of 4.73m shares, to
raise about 29.8m for the
investment trust, approxi-

investment trust, approxi-mately doubling its size. In addition, there is to be a free issue of warrants on a co-five basis.

Strategem, which owns 96.8 per cent of the shares, is irrevocably committed to accepting the offer but minority shareholders are being offered shareholders are being offered an opportunity to sell their shares.

shaves.
Strategem, which in January launched a bossile terms and launched a bossile terms are launched for Colonnade, successfully opposed plans for its self-liquidation in March.
The Turkey Trust is humided to achieve long term capital growth through terms capital growth through twestment both in quoted equities traded on the Istanbul stock exchange and unquoted companies expected to obtain quotations there.

Trimoco

Mr Roger Smith, chairman of Trimoco, told the AGM that the company was trading profitably in all regions. He added that the first two months of the current year indicated results ahead of budget.

lance of Rooms of 208,000,000 floating

hereby given that for the interest period June 26, 1990 to mber 26, 1990 the notes will carry an interest rate of \$ 2/8

interest payable on the sal interest payment date September 28, 1990 will amount to usd 2, 140.28, - per umd 100,000 note,

Agent Bank: Banqua paribas

Anglo improves to £10.88m

child's stable, yesterday reported pre-tax profits of 210.88m for the year to end-March, compared with

The figures, however, are aomewhat academic: Anglo announced last week that it was selling its only operating asset, a leasing business, for asset, a leasing

The move, which caused the

Angio with only one signifi-cant asset — a holding in Sun-ningdale, a private company which in turn holds 29.9 per cent of Ranks Hovis McDou-

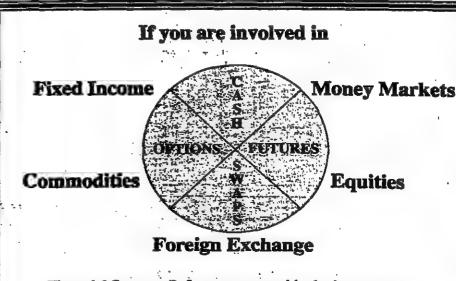
The company said yester-day that Anglo Lessing had enjoyed "an excellent year" in which new business had

risen by 47 per cent to \$207.2m. Gross earnings under finance agreements totalled

ANGLO GROUP, controlled shares to be suspended, leaves 247.55m (232.13m), with by Sir James Goldsmith and companies within Lord Rothscan asset — a holding in Sunincreasing from £10.11m to administration expenses increasing from £10.11m to

Other income amounted to £321,000 (£677,000), while net income from investment activities totalled \$822,000 (nil). Interest payable reached \$24.96m, against £14.42m in

the previous year. Basic earnings per share increased from 25.1p to 31.2p. The fully-diluted figure was



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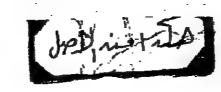
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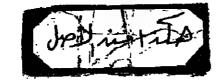
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UK COMPANY NEWS

Airtours interim Hogg Robinson recovers to £10.4m loss rises to £8m

By Jane Fuller

AIRTOURS, the Lancashire-based holiday company, reported a pre-tax loss of 17.55m in the six months to March 31, more than double the 52.55m delicit for the corre-

sponding period of last year.

Apartifrom one off problems in its long haul activities, the company was operating in a market which saw holiday bookings down by 40 per cent in November and December, while the number of skiing holidays taken fell by 30 per

incressed turnover of £40.42m (£34.74m). The company carried 170,000 (130,000) people.

Mr Harry Coe, finance director, said the increased volume of holidays last summer meant there were more "empty legs" as aircraft were sent out to col-lect end-of-season customers. Delayed holiday bookings meant the company lost out on deposits and insurance income.

deposits and insurance income.

These two factors plus start-up costs for the direct selling of continental camping holidays (Eurosites) and the UK Cottage Directory knocked about £2m off profits.

A further £2m disappeared on the long-hail side through excess capacity on some routes, while the sudden loss of one aircraft meant that scheduled fares had to be paid to get customers to destinato get customers to destina-

tions such as/Hawaii tions such as/Hawaii.

Mr Coe said these problems had been solved by cancelling the elack part of the programme and by increasing flexibility through switching to smaller aircraft belonging to established carriers — British Caledonian, Monarch and Air 2000. smaller aircraft belonging to established carriers — British Caledonian, Monarch and Air 2000.

In showt-haul holidays for gives a prospective p/e of 7.5. As it has a lot of ground to make up, there is some risk. Medium term, the prospects are much brighter.

winter sunseekers, although the market was 11 per cent down, Airtours had seen a 30

said numbers were 9 per cent down for the company com-pared with a fall of up to 20 per cent for the sector. However, the outlook was better for profit margins because of a truce in the price-cutting war between Thomson and ILG.

Mr Coe said the group had about \$10m in the bank.

The loss per share swelled to

The loss per share swelled to 32.31p (16.04p) but the interim dividend is unchanged at 1.5p.

The closing price of 152p, down 4p, compares with 180p when the company was floated

Airtours, with its bias towards the less financially battered northern consumer and lack of debt, can to some extent limit the damage inflicted by a depressed market. But as the largest operator without its own aircraft, it has proved accident-prone in terms of incurring sudden large expenses. Last year there was the "flying pig" (a broken-down jumbo), this time an aircraft supplier went bust. Its solution involves hims. craft from its rivals. In its

per cent increase through the success of destinations such as

the Canary Islands.

For this summer, package holiday booking had picked up from February to April, but had then slackened again. He

in March 1987:

favour, sound management has helped it to protect its margins. A profit forecast of 25m for the full year, compared with £5.2m.

HOGG ROBINSON, the travel, transport and financial services group, staged a recovery in the year to end-March, in spite of a loss on its leisure travel activities.

Taxable profits more than doubled to £10.41m (£5.01m), almost back to the levels of the £11m made in 1987-88. In the year under review turn-over contracted to £87.21m

An important factor was An important factor was the sale of its property ser-vices division to Sun Alli-ance. Some 60 per cent went at the end of the previous financial year, in which property recorded a £2.2m loss. Although the remaining 40 per cent was not sold until early this year, a loss protecearly this year, a loss protec-tion arrangement kept its deficit out of Hogg's accounts.

With more than £60m in the bank (about half being advance payments), interest received jumped to £3.52m

The travel division saw

profit fall from £3.02m to £2.8m on sales of £55.79m (£48.92m). Mr Brian Perry, chairman, said business travel contin-ued to grow, but the leisure side had lost the best part of

This year would continue to be difficult because of a 15 per cent contraction in the



The slight improvement in

package holiday market. Hogg had, however, only experienced a 4 per cent

market share (Hogg was fourth behind Lunn Poly, Thomas Cook and Pickfords) had been achieved with only minimal price discounting.

Transport, which involves carrying freight between the UK and other countries. UK and other countries rather than purely domestic business, overtook travel as the biggest profit earner with £3.48m (£2.96m). This included a five-month contri-

bution from Weys Inter-Eu-ropa, a Dutch haulier which was added to an established trailer subsidiary. The Government Freight

Agency, which transports people and goods for the mil-itary, also had a good year. Financial services, which saw profit fall to 21.41m in the previous year, recovered to £2.4m. This was due mainly to a new computer system for sorting out employee pensions and to growth in personal lines — household and car insurEarnings per share rose to 9.07p (4.28p). A final dividend of 3.3p makes a total of 5.3p The share price gained 5p to close at 125p.

O COMMENT

A measure of Hogg's improvement is that the seasonally quieter second half added £3.8m this time, whereas £4.5m was knocked off in 1988-89. It did well to sew up the property division sale more than a year ago.
The group is now cash rich:
the £32m it had available at
the year end compares with a the year end compares with a market value of just over £86m: no wonder Sir Ron Brierley's IEP Securities has built up a 16 per cent stake. Some of the cash is earmarked for acquisitions: 19 more travel agents have already been bought. The Weys haulier opens the way to eastern Europe and Hogg's transport ambitions also extend to other parts. The group obviously remains vulnerable to UK consumers' constricted demand for foreign holidays and leisure constricted demand for for-eign holidays and leisure travel is only expected to break even this year. A pre-tax profit of £12m gives a prospective p/e of nearly 12 — not cheap, but next year there is considerable scope for recovery in leisure

Wolseley expands with £26m purchase

WOLSELEY, the distributor of building materials and plumb- \$72m, up from \$43.3m in the onining inherials and planta-ing and heating equipment, has scooped up Needwood Holdings, the builders' mer-chant which went into receivership a month ago, at a price of about £26.4m.

Net assets of Needwood, the first large builders' merchant to fail since the downturn in the housing market began in August 1988, stood at about

£72m, up from £43.3m in the previous 12 months. The purchase takes Wolseley's UK heavy building matetional south-east base, providing the company with 35 further branches in the Mid-

lands, northern England, the West Country and Wales. Wolseley, which has substantial operations in the US as Unaudited management accounts for the year to endwell as the UK, achieved pretax profits of £54.2m (£53.65m) in the year to end-January.

Lilley prevents Tilbury from diluting its holding

By John Thornhill

LILLEY, the construction company which last year nar-rowly failed to win control of Tilbury Group after a £137m takeover bid, has prevented its takeover bid, has prevented its rival from diluting its 29.9 per cent holding in the company through issuing more shares.

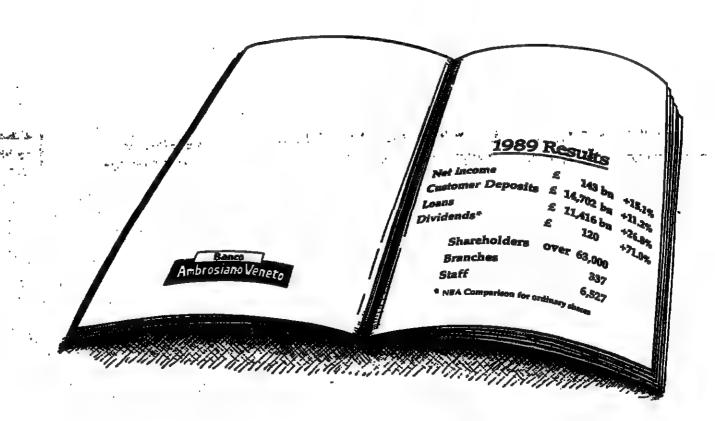
At its AGM yesterday, Tilbury withdrew a standard resolution allowing it to allot further shares of up to 5 per cent of the issued share capital and disapply pre-emption rights after Lilley had made it clear that it intended to vote down

any such move. Lilley said it had opposed tect the value of its invest-

In his speech to the AGM, Mr Michael Walters, Tilbury's chairman, noted that there had been public criticism of the high level of executive pay.
Last year, Mr Michael
Bottjer, chief executive,
received £902,000 in total remuneration. One other director was paid more than £700,000 and another over £440,000.

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Strong overseas trading helps Courts to £11.5m

market for 50%

sconomy and its effect on high street trading were reflected by yesterday's annual results from Courts (Furnishers).

For the year to March 31, profits before transfer to deferred profit and tax rose

THE PROBLEMS of the UK oversess trading jumped from according and its effect on high \$2780,000 to \$3.53m - leaving pre-tax profit at \$7.55m against \$10.23m. Mr Paul Cohen, chairman, said the reserve totalled 220.59m, which would automatically flow into profits in

profits before transfer to deferred profit and tax rose slightly from £11.01m to £11.48m on turnover up from £146.4m to £154m or £156.4m to £154m or £156.4m to £158.1m, but this was more than offset by an increase of £29 per cent to £70.9m (£56m) in overseas turnover.

The transfer to deferred profit arising from buoyant ically flow into profits in future years.

Earnings emerged at £0.9p (£4.7p). The dividend is maintained at 5p with a proposed same again final of \$1.7p.

An extraordinary item of £1.24m related to errors in profit years which were discovered when the computer stook system became fully operational this year and new controls were implemented.

Hicking falls into red and plans £2.5m diversification

The company, involved in the manufacture of knitted out-erwear and dyeing and finish-ing of such products, sustained taxable losses of £1.69m, against profits of £723,000 last time

While unvailing the downturn, Hicking also announced the proposed acquisition of Forgemasters (Holdings), a South Wales-based steel forger and processor, for up to £2.49m

Mr John Lister, chairman, said that this move away from Hicking's core business stemmed from the board's conclusion that the group was vul-berable through its exclusive dependence on textiles and that diversification would

With Forgemasters comes an 8.9 acre property, which has scope for further development. The property generates rental

Ware £442,000.

As Hicking will assume debts of £1.3m with the acquisition, it has proposed to raise £1m, before expenses, via an

In the period under review, Hicking saw turnover decline to £18.95m (£19.16m) with oper-

ating profits tumbling to 2144,000 (£1.11m). Exceptional losses totalled

\$1.25m and related mainly to reorganisation, redundancies and stock write-downs in the knitwear division and losses in connection with Realmtree, its casual wear designer and marketer now sold to its manage-

Losses per share amounted to 27.09p (earnings of 10.66p) but, in spite of the poor trading results, the directors are proposing to maintain the final dividend at 1.5p for an unchanged 2p total.

Interest charges restrict Wyndham

Wyndham Group, the Cardiff-based property investment, motor distribution and financial services group, reported a slight increase from reported a slight increase 1221m to £3.41m in pre-tax March profits for the year to March 31, although turnover climbed from £34.15m to £50.4m.

last year, operating profit rose to £9.32m (£5.75m).

Tax took £656,000 (£565,000) leaving earnings of 45.2p, before ar extraordinary item of \$813,000 relating to the sale of Wyndham Engineering, and

58.5p after.

A final dividend of 4p is proposed to make a total of 5p, an increase of 33 per cent. Net interest payments soared from £2.78m to £6.23m

PUBLIC WORKS LOAN BOARD RATES

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View 1 up to 2 Over 1 up to 2 Over 3 up to 4 Over 4 up to 5 Over 5 up to 6 Over 6 up to 7 Over 7 up to 8 Over 8 up to 9 Over 9 up to 10 Over 10 up to 15 Over 15 up to 25 Over 25	13 ¹ 2 13 ¹ 2 12 ¹ 6 12 ¹ 7 12 ¹ 7	13 ¹ 22 13 ¹ 3 12 ¹ 3 12 ¹ 3 12 ¹ 3 12 ¹ 3 12 ¹ 4 11 ¹ 4 11 ¹ 4 11 ¹ 4 11 ¹ 4	1352 1312 1214 1214 1218 1124 1113 1114 1114 1103	14 ¹ 2 14 ¹ 4 13 ¹ 4 13 7 12 ⁵ 4 12 ⁵ 5 12 ⁵ 4 12 ¹ 2 12 ¹ 2 12 ¹ 2 12 ¹ 2	14 ¹ 2 14 ¹ 8 13 ¹ 4 12 ² 8 12 ¹ 8 12 ¹ 8 12 ¹ 8 12 ¹ 8 11 ¹ 8	14% 13% 13% 12% 12% 12% 12% 12% 11% 11%

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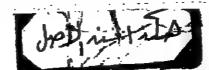
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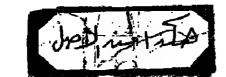
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Wagon beats expectations with £20.5m

By Clare Pearson

WACON Industrial Holdings, the Shrepshire based manufacturing group, is selling its office equipment business to Skandinavisk Holding, the Danish fobacco and industrial group, for an initial 232.6m including repayment of inter-

The announcement was made yesterday as Wagon unvelled better than expected results for the year to end-March. Pre-tax profits came out 34 per cent higher at 220.5m (£15.2m), scored on turnover of £270m (£197m). The hares rose 25p to 354p. Mr John Hudson, chief exec-

Mr John Hudson, chief executive, said that proceeds from the office equipment sale would eliminate Wagon's gearing and leave £10m in the bank. These funds would enable the company to pursue schemes for joint ventures, small acquisitions and investments more vigorously. ments more vigorously.

Wagon had decided to sell

the office equipment division because it had foreseen that market would become concentrated in the hands of a few large groups, making it harder for Wagon's operation to hold its own, he said.

This operation made trading profits of £3.52m (£3.85m). Mr Hudson said these were depressed by two factors affectdepressed by two factors affecting Vinco, the French company; costs of its sponsorship of the French winter Olympic ames and opening of a Lon-

Mr Hudson said Wagon's wide product and geographical portfolio should enable it to stay on course, despite a worsening trading climate this year." Trading profits overseas accounted for 40 per cent of the This would be in addition to

trialed Eng Post ...



sale would eliminate gearing

the profits benefit provided by moving into an interest receivable position and a turnround under way within the automotive products division.

The best performance last year came from the materials handling and storage division with trading profits of £12.08m (8.24m). Link 51, the storage company, moved strongly ahead and Radford of Bristol, manufacturer of refrigerated manufacturer or remgerated display cabinets, turned around from losses. La Ferretera, a Spanish company new to the division, performed above expectations.

Trading profits of automo-

Trading profits of automo-tive products moved ahead to 55.75m (24.56m), even though Link Plastics and Edward Rose made no contribution. Wagon said remedial action had been taken at both businesses.

Engineering, helped by last December's acquisition of For-kardt, a West German maker of power chucks, made 23.8m (\$2.23m). Fully diluted earnings per share stood at 35.43p (31.82p). The final dividend is lifted to

10.25p (8.75p) making 18p (14p).

1.5 5.5 4.5 11.5

Total last year

UK COMPANY NEWS

Eyes down at Mecca, the mega-debtor Rank sounds the gong on its rival's dreams. Andrew Bolger reports

Mecca Leisure's defence against a hostile £544m takeover bid from Rank Organisation is the end of a dream

Mr Michael Guthrie, Mecca's chairman and chief executive, has spent the last few years turning his company into the UK's biggest leisure-only operator after leading a \$95m management buy-out from Grand Metropolitan in 195. Yesterday's news that Wr. Cuthria day's news that Mr Guthrie underwent heart surgery last Thursday was the final blow to Mecca's hopes of remaining

Last week also saw the resignation of Mr Jeremy Long, Mecca's 37-year-old deputy chief executive and former chief executive and former finance director. Mr Long was blamed by City analysts for failing to reduce Mecca's borrowings following its £750m acquisition of the much larger Pleasurama Group in late 1988.

Mecca failed to dispose of

unwanted assets, such as London casinos, to help pay for the debt it incurred before last year's rise in interest rates. At the end of last December:
Mecca's gearing was stated to
be 110 per cent, as against forecasts of 80 per cent made at the
time of the Pleasurama acquisition. But when its annual results were announced in early April, Mecca said it had debts of £460m, giving it a gear-

ing level of 144 per cent.
The unexpected news of Mecca's high gearing and lower-than-expected pre-tax profits of EVL1m caused the shares to fall 30 per cent to 77p and started a general downrating of leisure sector shares by the City. It also gave Rank an opportunity to pounce at the



Michael Gifford (left), chief Guthrie, chairman and chief executive of Mecca beginning of June with its all-

paper offer.
Since then Mecca has put a number of assets up for sale in an attempt to raise \$250m, but it admitted yesterday that it had been unable to achieve acceptable prices due to the prevailing market conditions.

The company had

The company had announced it was seeking up to £100m for the 16-strong Character Hotels chain and was looking for buyers for its Sweeney Todd's and Prima

with the management of its troubled casino division for a buy-out of the four London casinos - the Connoisseur, Victoria, Gloucester and Maxim's clubs. The Victoria is London's largest casino. Ear-lier this year Mecca sold the Clermont Club, the exclusive Mayfair casino, for £30m to the Bally Manufacturing Corpora-



tion, the American fruit machine casino operator, con-ditional on Gambling Board

The problems with Mecca's London casinos stem for the dearth of free-spending gam-blers from Middle East countries in recent years, partly as a result of religious fundamen-talism and the Gulf War inhib-

ffing "high rollers" from com-ing to the UK.

Rank, however, will not be under the same short-term pressure to dispose of assets.

Earlier this year it raised \$357m by a rights issue, which took gearing to below 10 per cent. If the takeover is concluded, the combined group would have gearing of about 50 per cent, which Mr Michael Gifford, Rank's chief executive, says would be comfortable.

One possible cloud on Rank's horizon is that the Monopolies and Mergers Commission may

be concerned over the degree of concentration in the bingo market. Rank and Mecca would together control nearly 200 of the UK's 1,000 licensed clubs, but closer to 30 per cent of admissions because their

clubs are large.

Mr Gifford signalled yester-day that, in order to avoid a erral to the MMC, he would be happy to give assurances to the Office of Fair Trading regarding any disposais it might require in London, where there might be judged to be too great an overlap. How-ever, he said that Mecca owned only 12 clubs within the old Greater London Council area, and he was confident that there would be no problems in the rest of the country.

The combination of Mecca's Warner holiday centres with Rank's Butlins and Haven holidays businesses might also seem to raise competition questions. However, Mr Gifford has said that he also foresees no problems on that front, given that the Thomson takeover of Horizon was approved. So Rank, which has long

harboured ambitions to take over Mecca, seems poised to dominate what has been a highly fragmented sector. If successful, the takeover would create the UK's largest leisure company, with annual sales of more than £1.6bn and interests in virtually all out-of-home lei-

Such a deal would also be a morality tale for the times, with a highly-leveraged preda-tor of the 1980s being swallowed by a lowly-geared and more low-profile competitor. Dreams come cheap in the City, but debts can prove very

NEWS DIGEST

Advertising decline hits BEP

BRISTOL EVENING Post, the BRISTOL EVENING Post, the regional newspaper company which recently caught the aye of Mr David Sullivan, the publisher of Sunday Sport, has reported a 2 per cent fall in pre-tax profits due to a decline in advertising dammd.

Mr Michael Gay, director, and the downturn had particularly affected property, employment and retail advertising. The company warned last December that trading conditions had become more difficult.

to March 81 slipped to £7.9im (28.1m) on turnover shead 9 per cent at £63.5m (£58.5m). principally from a special Fress Association dividend and the sale of Reuters and HTV Group

sale of Reuters and HTV Group shares, helped profits attribut-shle to shareholders advance nearly 86 per cent to 25.89m. A final dividend of 7.75p (79) was recommended, making a total of 11.5p (10.5p). Earnings per share (exclu-ding extraordinary items) edged ahead from 20.85p to 20.7p.

Stormgard up 41% and doubles dividend Stormgard yesterday reported

a 41 per cent rise, from £1.5m to £2.11m, in taxable profits for the year to and-March. Providens for withdrawal costs from textile activities, now almost completed, were taken below the line as an eriracordinary deficit of \$1.28m

(\$742.000 profit).
Sales came solely from stationery and office supplies and amounted to £53.89m against £63.09m last time which included £14.29m from tartiles and garment activities.

Directors plan to double the dividend to 2p on earnings per share of 7.68p (3.19p).

Goldsmiths' sales continue to expand

Mr Jurek Plasecki, chairman and chief executive of Goldsmiths Group told shareholders at the agn that the trend of a 12 per cent increase in sales he reported at the time of the preliminary results had continued with only the north west and the south west showing alight weakness. alight weakness.

Mr Pinnecki informed the

ties for £140,000, as previously foreshadowed, and said Gold-smiths expected to sell soon other properties on which nt had been reached for £400,000.

Ensor rides difficult trading conditions

Ensor Holdings, the Cheshire-based building products sup-plier and Mercedes-Benz dis-tributor, yesterday reported taxable profits of £1.53m for the 12 months to end-March.

The group, which came to the USM last July achieved the result — an improvement of some 11 per cent on the previsome 11 per cent on the previ-ous year — on turnover ahead to £56.4m (£47.6m). Earnings per 10p share emerged at 10.5p (9.6p). The proposed final dividend of 2.06p makes 3.3p for the

Cranswick Mill expands to £0.92m

From turnover shead from 258.67m to 264.64m, taxable profits of Cranswick Mill Group, the USM-quoted animal feed and pig marketing con-cern, expanded to 1921,000 for

compared with £670,000. The current year had started ell, directors stated.

Midway profits moved shead from 2315,000 to 2434,000 and the directors had then viewed prospects for the rest of the year optimistically. After the year-end tax charge of \$328,000 (£238,000)

earnings per 10p share were 8.8p (6.5p) while the dividend is maintained at 5.55p with a same-again final of 3.7p.

Amberley falls to £0.4m in first year

Taxable profits at Amberley Group, the USM-quoted provider of building preservation services, declined from 2550,000 to 2870,000 in the year to March 31. The company came to market in March 1989. Turnover shrank to 23.63m

(£3.87m) and although the cost of sales was also down at £1.18m (£1.3m), gross profit slipped to £2.49m (£2.58m).

Selling costs were up at £443,000 (£586,000), leaving profits at the operating level behind at £395,000 (£519,000).

Earnings fell to 3.28p (5.45p) per share and the dividend for the year is a proposed 1.5p.

UK ECONOMIC INDICATORS ECONOMIC ACTIVITY- Indices of Industrial production, manufacturing output (1985 = 100); engineering orders (C billion); retail sales volume (1985 = 100); retail sales volume (1 120.4 119.5 120.2 121.4 126.1 126.2

Record Profits and Sales Disposal of Office Equipment Division

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. TOn capital increased by rights and/or acquisition issues. SUSM stock.

DIVIDENDS ANNOUNCED

July 31 Oct 1

Summary of results for the year ended 31 March 1990

Sales	up 37%	E270m	£197m
Pre-Tax Profits	up 34%	£20.5m	£15.2m
Dividend per share	ир 14%	16.0p	14.0p
Earnings per share -	up 1496	38.41p	33.70p
Earnings per share — fully diluted	up 11%	35.43p	31.82p

*Since the year end agreement has been reached for the sale of the Office Equipment Division for an effective initial consideration of £28.25m to Skandinavisk Holding A/S...The quality of the Group's products and management, and the broad geographic base of the Group's markets, enable us to face these uncertain times with optimism and confidence. On present trends a further year of good progress is in prospect."

Paul D. Taylor, Chairman 27 June, 1990

port and Accounts may be WAGON
INDUSTRIAL
HOLDINGS p.i.c.
Uppes of the Report and Accounts may be obtained from The Secretary, Wagon Industrial Holdings p.i.c., Haldane House, Halesfield, Teltond, Shropshire TF7 4PB.
Talephone: (0952) 680111.

European expansion gates MR CRAIG McKinney, chairman of Woodchaster

Investments, expects the If100m fund-raising unveiled this week to prefigure significant European expansion by the Dublin-based leasing and finance group.
"The new funding puts the

balance-sheet in a position where we would be well-placed to realise our European ambitions", Mr McKinney "Our activity is capital-inten-

months after the bank bought the remaining 29.3 per cent stake in Woodchester held by Pritten & Commonwealth Holdings, the collapsed UK financial services group, for I£1.25 per share.

Woodchester's expansion plans had been hampered over the past 18 months by uncer-tainty surrounding the B&C shareholding, which had once

capital of Woodchester, which was previously held by B&C, was placed with other Wood-

Crédit Lyonnais subsidiary, will subscribe 1991m for 45m new ordinary Woodchester shares at 201.75p per share. Meanwhile, other Woodches-ter shareholders will be asked to subscribe I£12.1m by means of a proposed underwritten pla-cing and open offer of a further

The Takeover Panel has agreed, subject to the approval of independent Woodchester shareholders, to waive Crédit

shareholders, to waive Credit Lyonnais's obligation to make a mandatory bid.

Cie Navigation Mixte, the French financial services and transport group, has agreed to take a 34 per cent stake in CRG, subject to the conditions of the subscription agreement being fulfilled or waived.

According to Woodchester, a

According to Woodchester, a Paris Stock Exchange listing will be sought "in due

Woodchester funding opens

sive by its very nature. Living with a big shareholder is something we are well used

Woodchester is raising the money via an open offer to shareholders and a subscrip-tion by Crédit Lyonnais that will raise the French disk now

located at

stake in the group to 45.4 per The move comes about six

stood at more than 60 per Last August, about 32 per cent of the then issued share

At that time, the IE77m deal was the largest secondary mar-ket placing to have occurred in

Under the terms of the current proposals, Cle Rhodanienne de Gestion (CRG), a

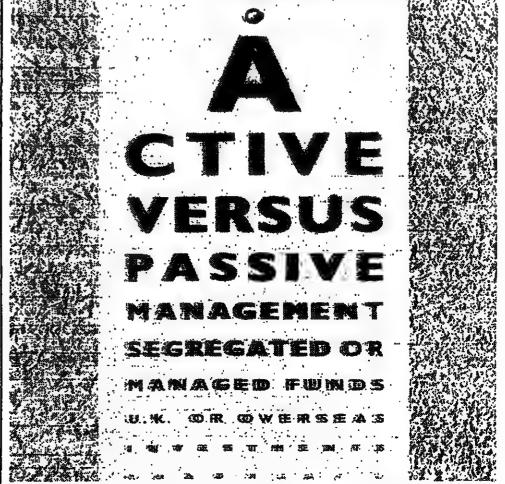
THE INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA

I.C.I.C.I. Flooting Rate Notes - 1981/1991 Unconditionally Guaranteed by the State of India

Bondholders are hereby info that the rate applicable for the eighteenth period of interest bar been fored at 8 5/6 %.

The coupon nº 18 will be payable at the price of US\$ 219,72 on DECEMBER 20th, 1990, representing 153 days of interest, covering the period as feen JUNE 20th, 1990 to DECEMBER 19th, 1990 inclusive.

The Reference Agent and
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CREDIT LYONNAS LUXEMBOARG



vehicles, select the most appropriate

policy and analyse your portfolio.

The strain of protecting and enhancing pension fund assets is enough to make your eyes water. How best to balance risk against ward when you're faced with a blinding number of choices: segregated or managed funds, UK or overseas

In a word, Watsons Vehavetheexpertise, the experience

liability analysis actuarial practices in the UK, we

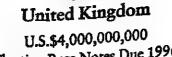
knowledge combined with specialised modelling techniques to assist in asset/ As one of the largest con-

We have the necessary actuarial

from those with assets in excess of a billion pounds down to those with less Don't wait around for twenty-

twenty hindsight. For clearly focused advice simply contact Roger Urwin at Watson House, London Road, Reignte, Sunsy RH29PQ. Telephone: 0737 241144.

and the database needed to help you advise pension funds ranging in size Bismangham - Brastol - Dublim - Edinburgh - Manchaster - R Warson & Sons is regulated by the Insulvate of Actuacies in the conduct of its ins



Floating Rate Notes Due 1996

that for the three month period 28th June, 1990 to 28th September, 1990, the Nores will bear interest at the rate of 81th per cent. September, 1990, the Nores will bear interest at the rate of 28th September, per amoun. Coupon No. 16 will therefore be payable on 28th September, per amoun. Coupon No. 16 will therefore be payable on 28th September, per amoun. Coupon No. 16 will therefore be payable on 28th September, per amoun. Coupon No. 16 will therefore be payable on 28th September, and US\$207.64 from Notes of US\$10,000 nominal.

S.G. Warburg & Co. Ltd. Agent Bank 2 rue du Fossé 1536 Luxembourg

In connection with the merger of Den Danske

Bank International S.A., Luxembourg, Provinsbanken International (Luxembourg)

S.A., and Copenhagen Handelsbank International S.A., Luxembourg all activities

including coupon payments will from 28

June 1990 be operated from the offices

DEN DANSKE BANK INTERNATIONAL S.A.

EC agrees to end border controls on farm animals

PROSPECTS FOR a genuinely single market in live animals post 1992 received a substantial boost in the early hours of yesterday morning when European Community Farm Ministers finally agreed to harmonise an important set of veterinary rules.

The issue has long been seen as one of the most sensitive of the whole EC internal market programme because of the fears in some member states notably Britain and Ireland — that infectious diseases may spread via intra-Community rade across unchecked fron-

In principle - though sub-ject to certain caveats - Minis-

trols on a range of live farm animals (as well as domesticated rabbits) should be removed by the end of 1992. The same plan was agreed last December for animal products, the idea being that checks would be carried out at the point of departure and at the point of arrival.

A key issue, however, was how to treat disease and for those with worrles it was vital that the EC agree to abandon vaccination against foot and mouth disease in favour of a policy of compulsory slaughter. Safeguards for those, like Belgium and France, which con-tinue to vaccinate were built

ters decided that border con- into the final text, notably the continuation of banks of vaccine for use in emergencies, adequate third country controls, and, crucially, a Community fund of sufficient size to provide compensation for those forced in future to combat renewed animal diseases. "Farmers must be reim

bursed and must not feel they will lose out financially Commission official said last night. Under the compromise agreed by the Council the rate of EC reimbursement for the first three years has been set at 70 per cent of costs in the case of foot and mouth, compared with 50 per cent for other dis-

Norske Shell to rationalise its offshore oil interests

By Karen Fossii in Stavanger

Norwegian subsidiary of Anglo-Dutch Shell International, announced yesterday that at the end of July it intends to divest majority interests in 11 out of 25 of its the North Sea, the Norwegian Sea and the Barents Sea preferably by means of asset

Analysts suggest that the combined cash value of the assets being offered could well exceed NKrlbn (£90m). Shell exceen NATION (250m), Shell executives refuse to be drawn on the value of the package but have suggested that it probably represents the largest licence swap deal ever conducted for Norwegian offshore acreage.

"The decision to rationalise our portfolio reflects a strategy."

our portfolio reflects a strategy of concentrating our business in areas where we feel we can add value, particularly in relation to our core assets. We recognise that certain compa-nies may be better placed to extract value from the licence we plan to divest. The process

llos," explained Mr Paul Skinner, Norske Shell's managing

One North Sea divestment is considered by the company to be very promising as it could be developed as a satellite to the giant Oseberg oil field — in which Shell has no sharehold-ing — operated by Norsk Hydro, Norway's largest publicly-quoted company.

in addition, while three of the licences comprise pure exploration acreage, eight of them contain oil and gas discoveries with working inters ranging from 10 per cent to 25 per cent.

One licence, in which Shell has a 20 per cent interest, con-tains part of the Procy oilfield, a small discovery with 70m barrels of oil, currently being considered for development by the Norwegian unit of Paris-based Elf Aquitaine. Another licence, in which

Shell has a 25 per cent interest, contains 80bn cu m of gas and sate. The field, called Midcard. is situated off mid-Norway and is operated by Saga Petroleum,

Since 1966 Shell has investo Since 1956 Shell has invested in excess of NKr15bn in exploration, appraisal and development on the Norwegian continental shelf, which has led to the discovery of Troll, one of the world's higgest gas fields; the 400m-barrel Draugen oil field — which will come on stream in 1993 — and the producing Albuskiell field.

Norway's largest independent

oil company, which would

have to secure a major gas sales contract for its develop-

ucing Albuskjell field. Shell estimates that during the next five years it will invest some NKri0bn on exploration and development in Nor-way. "In deciding to proceed with a portfolio rationalisation at this time (Norske Shell) is seeking to position itself more effectively for the next phase of development of the Norwe-gian continental shelf," the

gain continental shelf," the company explained further. Shell has appointed J. Henry Schroeder Wagg as financial adviser to assist in the co-ordination of its portfolio rationalisation, which is scheduled for completion in mid-October.

China expanding refining capacity

expanding rapidly, resulting in less need for product imports but in a surge of crude imports as well as spore refining capac ity, reports Reuters from Sing-

A study by the Hawaii-based East-West Centre said China's refining throughput had risen by an average 100,000 barrels a day since 1986, and was expecb/d to reach 2.25m b/d this

CHINA'S OIL refineries are had fallen slowly since peaking expanding rapidly, resulting in at 600,000 b/d in 1985, the East-West Centre's David Fridley

In 1989; "crude exports of 488,000 b/d were down 8.4 per cent from 1988, and in the first-four months of 1980 they were down to 405,000 b/d, a 2.8 per cent fall from the same period in 1989. In the past, China imported

to balance trade with certain countries, primarily Iran. Regular imports began only in mid-1988, and in 1989 China imported 64,000 b/d of crude, primarily from Oman and

As part of the import programme, Sinopec (the state oil refining company) allows refineries to process imported crude for re-export of products in order to maintain high utilisation rates," Mr Fridley

imported and exported crude and products mainly because of revenue needs.

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Close Previous High/Low

MPs call for more fish farming research

By David Blackwell

to find more funds for research and development in the fish farming industry if it was not to continue to run "a very poor second to Norway."

The Commons Agriculture Committee, in a report on the industry published yesterday, said that, while Scotland was the world's biggest salmon pro-ducer after Norway, the difference in scale between the two countries' research operations was dramatic. Norway spends about £21m a year, compared

There was a clear need for the UK Government to take a lead in identifying research priorities and proposing an orderly framework within which they could be achieved, the committee said.

Introducing the report yesterday, Mr Jerry Wiggin, chairman of the committee, said the fish farming industry was one of the most exciting in the UK, and in only 10 years had grown to provide a significant propor tion of the fish consumed. Output rose from 7,000 tonnes in 1980 to 45,000 tonnes in 1989. The committee was confident that the industry could

continue to expand, Allegations of dumping by Norway should be treated seriously, but no other protectionist mea-

. On the vexed question of fish farm licences, the Commons report recommended that the Advisory Committee to the Crown Estate should be strengthened by giving the local authority member a veto, making the planning authorities and the Crown Estate broadly equal in the planning process. At present the Crown Estate has sole power to grant

The Scottish Salmon Growers' Association said yesterday, while welcoming most of the report's conclusions, that it was concerned over the local authority veto recommenda-tion. Mr William Crow, chief executive of the association, said it was naive to believe that such a proposal could work for the benefit of any section of the community, and urged the Government to reject "this fudged non-compromise, since our industry is suffi-ciently regulated as it is."

The environmental impact of fish farming gave some legiti-mate grounds for concern, the mane grounds for concern, the Commons committee said, but it was satisfied that there were bodies empowered to monitor possible developments and that if these had adequate resources they would be able to protect the public interest. It "found no syidence of anytonomental pollution on a scale which would warrant a brake being applied to the industry."

Cappage is a popular vegetar ble in Barbados, attracting a high price, and it can be harvested only ten weeks after

Cesh 1836-8 3 mosths 1561-2

Cash 1444-6 3 months 1422-8

Lead (£ per tonne)

Cash 494.5-5.5 Il monthe 496.5-7

cited (\$ per ton

Cash 8575-85 I mionths 8600-25

Gash 6155-65 3 months 6270-5

Copper, Grade A (E per tonne)

Rare owl preys on minds of American foresters

Louise Kehoe on a row over an endangered species that is embarrassing the US Administration

Northern Spotted Owl has become the subject of a hitter environmental tussle that has pitted the US timber industry against environment groups and created an embarrassing problem for the Bush Administration.

in a decision ennounced last Friday, the species was declared to be "threatened" by the US Fish and Wildlife service. According to scientific reports there are only about 6,000 and they are threatened with extinction by the destruction of their habitat - the prime timber forests of the Pacific Northwest

The service found that the owl was threatened because logging patterns in the region were destroying old-growth for-ests where the bird roosted, principally on lands controlled by the US Forest Service and the US Interior Department's Bureau of Land Management. The designation provides the bird and its habitat with a large measure of protection under the US Endangered Spe-cies Act. Federal agencies are prohibited from harming the owl or its babitat without first receiving permission from the Fish and Wildlife Service. The timber industry fears,

however, that protection of the owl may come at the cost of tens of thousands of jobs and the destruction of the economy

of logging towns throughout our responsibility in preserving the owl and forests while

US Administration officials are caught in the middle of this battle. On Tuesday, Mr. Manuel Lujan, the Interior Secretary, and Mr Clayton Yeutter, the Agriculture Secretary, announced a partial plan to protect the owls by placing new limits on harvesting of timber in Bureau of Land Manment forests in Oregon and Northern California.

Mr Lujan said annual BLM harvests in the region would drop from 950m to about 750m board feet. This will result in the loss of about 1,000 jobs, the powermant officials schoowl-

edged.
The restrictions are far less severe, however, than those recommended in a report by government scientists. This called for logging reductions that would, according to the Forestry Service, cost an estimated 28,000 jobs by the end of

The Administration has delayed a decision on whether to limit logging on extensive National Forest lands which currently produce about 3.85bn board feet of timber annually. The scientists' report recom-mends that logging be reduced to between 2.3bn and 2.5bn board feet to protect the owl's

"Today we have set into

protecting the economic lives of American men and women who live and work in the region." Mr Yentter declared. He said he will chair a new timber task force that will present to President Bush, no later than September 1, a comprehensive proposal for pro-tecting the owl while pursuing maximum timber harvests on

Forest Service lands in the

The cabinet secretaries also called on Congress to broaden provisions of the Endangered Species Act to provide more latitude to the cabinet-level Endangered Species Committee to consider the economic and social impact of protecting

The committee was created by Congress in 1978 in response to the controversy over the endangered snail darter, a tiny fish that nearly blocked completion of the Tel-

We believe it is essential for policy-makers at this level to evaluate the entire picture" of forest management in the Northwest, Mr Yentter said. Environmentalists who had hailed the listing of the owl as a threatened species last week were not happy with the Administration respo

The Northern Spotted Owl: Only 6,000 left and habitat under threat from forestry

law, sound science and professional land management," seld-Mr George Frampton, Wilder

ness Society President.
Among environmental groups the Spotted Owl controversy has become part of the larger issue of protecting the "We believe the listing will be a catalyst for positive changes in the timber industry and the management of our national forests and Bureau of Land Management forests -

changes that must transpire regardless of the status of the owl," said Ms Barbara Boyle, a representative of the Sierra Club, a major environmental At current rates of logging,

the remaining stands of old-growth forests will be gone in the next 20 years. As much as 90 per cent of the original forests of the region have already been cut, the Sierra Club main-

Spare the pest-killer and kill the pest

David Sparks on Caribbean efforts to reduce the need for pesticides

AN THE resistance of insects to pesticides itself be used to help in pest control? Mr Isn Gibbs of the Barbados unit of the Caribthe hardeaus unit of the Caribbean Agricultural Research and Development Institute (Cardi) is trying this approach to the control of the diamondbacked moth, whose caterplians ruin many farmers' cab-bage crops in Barbados and elsewhere in the Caribboan.

The moth can quickly develop resistance to pesti-cides, but so can two insects which prey on it. Mr Gibbs is trying to breed and select strains of these insects, which are pesticide immune and will survive when the young cab-bages are sprayed. They, will continue to attack moth eggs or caterolliars, reducing the need to spray again.

This is painstaking work, because it involves tests with the wide range of pesticides which farmers use.

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(Prices supplied by Amalg

6 months: 1,0006

Total daily turnover 78,8

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planting out. This means that, at least in theory, five crops can be grown in a year, ideal for a farmer without much land. But over a third of furn-ers surveyed by Cardi had lost the bulk of their crop to the

"The diamond-backed moth is one of the most ravaging insect pests of cabbage you will find," says Mr Gerald Proverbs, Cardi's Barbados

Proverbs, Card's Barbados representative.

"Unless farmers use integrated peat management, you find them relying more on pesticios. Bromse of the moin's ability to develop resistance relatively quickly, you find farmers using a mixture of pesticides or not spraying at the recommended trace. Often they have to spray between the recommended times.

"They are attempting to meet the demand of the market her penfect cabbages, free from perforations caused by moth larvae and free from little

holes bored into the cabbage head.

sonany won't eat a cabbage unless it has a few perfora-tions, because I am very wary about the frequency at which the cabbage has been sprayed and whether the farmer has respected the willidrawal time between the last spraying and herpertines." servesting."

from first to third world coun-

tries, saying a good cabbage must have no blemish. I per-sonally won't set a cabbage

Integrated pest management, reducing the need to spray, involves picking off the odd caterpilar, not leaving damaged leaves at the plot side and keeping the plot free from weeds on which the caterpilars cleated the second

weeks on which the cateral-lars also thrive.
Card is trying to put new ideas and new heart into Bar-bedian farming at a time when the mistortines of the ingar growers have hit morals and a major pig producer has closed his business. There has also been a rash of crop theft. One new idea is the mini-set-

proach adopted from such stations in Colombia approach adopted

and Nigeria which produces

tional methods and thus allows rapid introduction of, perhaps successistant strain. Mr Proverbs comments: "A typical yam of 4 lb would give you 12 to 15 plants. But if you use mini-setting, you can get approximately 60 pieces, which you put in a moist medium to root."

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Dr Dr

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With cassava, "you put a two-node cutting, three to four inches long, in damp sand. It sends up shoots which you

root in water.
"Before, the standard procedure was to use a causava stick about mine inches long, from which you would get one plant. Today from that you can get 50

plants.
Cardi rises workshops, farm visits and the local media to spread new ideas. Visits are also sponsored by the Barbados Society for Technologists in Agriculture. One was to see how sheep perform on a ration cane waste), dry poultry litter and molasses, held together

WORLD COMMODITIES PRICES

1417-8

MARKET REPORT

COCOA prices closed up sharply in London yesterday following market talk that 1990-91 crop rospecta in West Africa may not be as good as was thought a few weeks ago. Ghana is expecte to have a smaller crop than last year, whereas previous forecasts indicated a crop little changed to slightly larger. Renewed tension sentiment, aithough New York known regarding any possible troubles in the world's largest on the market could be assessed. New York cocoa prices were holding gains at midsession. The

London Markets

Crude off (per barrel FOS)		+ 01 -
Oubel Brent Blend W.T.I. (1 pm est)	\$13.52-3.57w \$15.88-5.92w \$16.88-6.90w	175
Oli products (NWE prompt delivery per t	onne CIF)	+ or
Premium Gasoline Gas Oli Heavy Fuel Oli Naphtha Petraleum Argus Estimates	\$222-224 \$147-148 \$60-61 \$142-144	-1 +1
Other		+ 01
Gold (per troy ez) \$\rightarrow\$ Silver (per troy ez) \$\rightarrow\$ Platinum (per troy ez) \$\rightarrow\$ Palladium (per troy ez)	\$350.00 483c \$478.75 \$112.75	+ 0.25 + 4 -1.6 -0.1
Aluminium (free market) Copper (US Producer) Lead (US Producer)	\$1535 113.00c 45c	+20 +1,25
Nickel (Irse market) Tio (Kusta Lumpur market) Tin (New York) Zinc (US Prime Westam)	15.40r	-10 -1
Cattle (Hve weight)† Sheep (dead weight)† Pigs (Ilve weight)†	147.91p	-1.54° -1.48° -3.85°
London daily sugar (raw) London daily sugar (white) Tate and Lyle export price		+1.2 +2.5 -0.5
Barley (English feed) Maize (US No. 3 yellow) Wheat (US Cark Northern)	£114w £158 £120	
Rubber (Aug! * Rubber (Sep) * Rubber (KL RSS No 1 Jul)		-0.5 -0.5 +0.5
Coconut oil (Philippines)§ Palm Oil (Malaysian)§ Copra (Philippines)§	\$275q \$185w	-12.5 -20.0 -2.00
Soyabeans (US) Cotton "A" Index		-0.15

week ago. VLondon physical market. SCIF Rotterdam. . Bullion market close. m-Marelease overnight of a builishly Interpreted USDA forecast for the 1890-91 sugar crop (production at 107.2m tonnes, 2.3m below consumption) lifted both New York and London sugar prices in early trading, although technical barriers kept the New York advance checked. On the LME copper prices were steady, reflecting increasing concern over a possible strike at Asarco's Ray Mine and fears that unrest in Zambia could spread to the copperbeit. Nickel remained under pressure - analysis say three-month metal is likely to retreat to support at \$8,500.

SUGN	R ~ Lond	on FOX	(S per to
New	Close	Previous	High/Low
Aug	283.60	279.60	284.00 277.60
Oct	280.00	275.40	282.00 276.40
Dec	295.00 270.40	270.00 267 20	285.00 275.00 272.40 269.00
May	289.40	266.80	270.00 288.60
Aug	270.00	267.00	269.60
Oct	267.00	264.00	265.00
White	Close	Previous	High/Low
Aug	381.0	385.5	391,5 365,0
Oct	362.0	357.5	362.5 355.5
Dec	357.0	353.0	357.5 352.5
Mer May	362.0 349.5	348.0 348.0	352.5 345.0 350.5 348.0
Aug	348.0	345.5	348.0 348.0
		965, May 11	: Aug 2140, Oct
	E OIL - F		\$/5
		-	\$/6
Aug	E COL - F Late 15.84	st Previo	\$/b us High/Low 16.12 15.79
Aug Sep	15.84 16.30	nt Previo 2 16.11 16.50	\$/b us High/Low 16.12 15.79
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Aug Sep IPE Inc Turnov	15.64 16.30 16.30 16.11 10124 14 LPE	Previous 145.75	\$/b us High/Low 16.12 15.79 16.38 16.20 \$/h High/Low 145.75 144.00
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Aug Sep IPE Inc Turney Jul Aug Sep Oct Nev	15.64 16.37 16.37 16.17 10124 145.75 146.00 148.00 153.75	Previous 145.76 148.25 148.25 148.25 148.25 148.25 151.75	16.12 15.79 16.38 16.20 16.38 16.20 16.38 16.20 16.37 144.00 145.75 144.00 146.00 146.26 151.50 151.00 163.25 152.00
Aug Sep IPE Inc Turnev Jul Aug Sep Oct Nov Dec	15.8: 16.3: 16.3: 16.1: 16.1: 16.1: 16.1: 16.75 148.00 148.00 153.75 153.75	Previous 145.75 148.00 148.00 148.25 151.75	16.12 15.79 16.38 16.20 16.38 16.20 16.38 16.20 16.37 144.00 145.75 144.00 146.00 146.26 151.50 151.00 155.25 154.00 155.25 154.00 154.50 153.00
Aug Sep Inc Turney Man Sep Oct Nov Dec Jen	15.81 16.31 16.31 16.11 16.11 16.11 16.11 16.11 145.75 146.00 145.00 151.30 153.75 155.75 156.00	Previous Previous 145.75 148.00 148.25 153.75 156.75	### 151.00 153.25 154.00 155.25 155.00 155.25 155.00 155.25 155.00 155.25 155.00 155.25 155.00 155.25
Aug Sep IPE Inc Turnov MALE Q Oct Nov Jen Peb Mar	15.84 16.30 18.11 17.10 19.11 19.11 19.12 14.00 148.00 148.00 153.75 158.76 158.00 149.00	at Previous 2 16.11 2 16.50 16.04 (6743) Previous 145.76 148.26 151.75 155.75 156.00	16.12 15.79 16.38 16.20 16.38 16.20 16.38 16.20 16.38 16.20 16.375 144.00 165.25 144.00 165.25 154.00 155.25 154.00 155.25 154.00 154.00 148.75

WOOS. This is me not the 1989-91 so having to buy reduced floor. The outlook is weeks either, bringing activ. There is little from state transpare for a keyward for a key		154,50 153,00
This is the first the 1989-81 as having to buy reduced floor. The outlook is weeks either, bringing activ. There is little from state transvive for a cell of the state of the state of the state of the state.		148.00 148.75
This is the first the 1989-81 as having to buy reduced floor. The outlook is weeks either, bringing activ. There is little from state transvive for a cell of the state of the state of the state of the state.	(6423)lots (of 100 tonnes
and 270p for 5	iling seaso in about 50 price. I not good 1 with holida ity practice sign that a ding countr	uly to a standstill. Il-important demand les is likely to t. or toos are 480p

	-	114114	Ladarrow	
Jul	772	747	772 756	
Gep	798	773	797 783	
Dec	823	802 831	823 512	
Gep Dec liter May	800	881	851 841 870 861	
Jul	800	840 867	890 884	
Sep	860 866 860 806	864	800 900	
				_
(OCC) is	rileator o	vices (SOE	t cor franch.	Delh
orice to	ا 26 ميال ع	989.94 (987	13) 10 day av	erece
for Jun	51, 885TP4	(201.62)	t (C tommen s per tonne). 13) 10 day av	_
COPPI		No. POR		
COTTA				
	Ciose	Previous	High/Low	
Jul	889	567	584 560	
Sep	862 802	880 888	587 571 606 591	
Jen	615	616	600 G10	
Marc	634	631	630 632	
Mary	650	646	850 649	
Burnove	c 6161 <i>(</i> 5	625) lots of	6 tormes	
ICO Ind	leator pri	ices (US o	ents per poun (67,92), 15 day	d) for
June 26	Comp. c	faily 67,36	67.92). 15 day	aver
ag e 69.	98 (70.34)			
-11 C/T	O 10 × 10	PE	2	tonne
	Close	Previous	High/Low	
Name of the last	_			
Nov	186.5	188.5 120.5	186.5 186.0 121.5 116.0 130.0 129.1	
Apr May	131.0	138.0	121.5 110.0	
				_
Turngvi	r 200 (32	T) lots of 4	i tennes.	
-				
EUVAE	SAM ME		26	~~
EAYOS				egella.
	Close	Previous	High/Low	esell.
Aug	Close 113.00	Previous 113.00	High/Low 113.00	2011
Aug	113.00 115.00	713.00 116.00	High/Low 113.00 113.00	Posting
Aug Odl Dec	Close 113.00 115.00 122.00	113.00 116.00 123.00	High/Low 113.00 113.00 123.00	eset h
Aug Odl Dec	Close 113.00 115.00 122.00	713.00 116.00	High/Low 113.00 113.00 123.00	iodin.
Aug Odl Dec	Close 113.00 115.00 122.00	113.00 116.00 123.00	High/Low 113.00 113.00 123.00	e de la constante de la consta
Aug Odl Dec Turnove	Close 113.00 115.00 122.00 r 79 (44)	113.00 116.00 123.00 lots of 20 1	High/Low 113.00 113.00 122.00 onnes.	
Aug Odl Dec Turnove	Close 113.00 115.00 122.00 or 79 (44)	713.00 116.00 123.00 lots of 20 t	High/Low 113.00 113.00 122.03 onnes.	
Aug Od Dec Turnove	Close 113.00 115.00 122.00 or 79 (44)	113.00 116.00 123.00 lots of 20 1	High/Low 113.00 113.00 122.00 onnes.	
Aug Od Dec Turnove	Ciose 113.00 115.00 122.00 or 79 (44) IT FUTUI Chess	713.00 116.00 123.00 (cts of 20 the second s	High/Low 113.00 113.00 122.00 onnes. . \$10/index Wigh/Low	
Aug Od Dac Turnove	Close 113.00 115.00 122.00 or 79 (44) IT FUTUIT Close 1018	713.00 116.00 123.00 lets of 20 the second s	High/Low 113.00 113.00 113.00 122.00 lonnes. \$ \$10/index Wigh/Low 1018 407 1095 1085	
Aug Od Duc Turnove FREIQI	Close 113.00 115.00 122.00 17 79 (44) 17 FUTUI Close 1095 1118	713.00 116.00 123.00 lots of 20 the second s	High/Low 113.00 113.00 113.00 122.03 bonnes. t \$10/index High/Low 1018 47 2006 1085 1112 1110	
Aug Odi Dec Turnove FREDQI Jul Oct Jan Apr	Close 113.00 115.00 122.00 122.00 1779 (44) 17 FUTUIT Close 1018 1005 1118	713.00 116.00 123.00 lots of 20 s lots of 20 s Previous 1010 1104 1105	High/Low 113.00 113.00 113.00 122.00 lonnes. \$ \$10/index Wigh/Low 1018 407 1095 1085	
Aug Oct Date Turnowe FRENCE Jul Oct Jan Apr 8FI	Close 113.00 115.00 122.00 122.00 17 79 (44) 17 FUTUI Close 1005 1118 1128	713.00 116.00 123.00 10ts of 20 10ts of 20 1	High/Low 113.00 113.00 113.00 122.03 bonnes. t \$10/index High/Low 1018 47 2006 1085 1112 1110	
Aug Oct Date Turnowe FRENCE Jul Oct Jan Apr 8FI	Close 113.00 115.00 122.00 122.00 1779 (44) 17 FUTUIT Close 1018 1005 1118	713.00 116.00 123.00 10ts of 20 10ts of 20 1	High/Low 113.00 113.00 113.00 122.03 bonnes. t \$10/index High/Low 1018 47 2006 1085 1112 1110	
Aug Oct Date Turnowe FRENCE Jul Oct Jan Apr 8FI	Close 113.00 115.00 122.00 122.00 17 79 (44) 17 FUTUI Close 1005 1118 1128	713.00 116.00 123.00 10ts of 20 10ts of 20 1	High/Low 113.00 113.00 113.00 122.03 bonnes. t \$10/index High/Low 1018 47 2006 1085 1112 1110	
Aug Oct Turnove Frances Jul Oct Jan Apr BPI	Close 113.00 115.00 115.00 122.00 17 79 (44) 17 FUTUI Uless 1008 1118 1118 11128 1128 1232 (38:	713.00 116.00 123.00 10ts of 20 10ts of 20 1	High/Low 113.00 113.00 113.00 113.00 113.00 1122.03 00mes \$\frac{510/index}{10010 \text{w07}}\$ 10010 \text{w07} 10010 \text{w07} 10010 \text{112} 1115 1115 1115	point
Aug Oct Turnove Frances Jul Oct Jan Apr BPI	Close 113.00 115.00 122.00 122.00 17 79 (44) 17 FUTUI Close 1005 1118 1128	713.00 116.00 123.00 10ts of 20 10ts of 20 1	High/Low 113.00 113.00 113.00 113.00 113.00 1122.03 00mes \$\frac{510/index}{10010 \text{w07}}\$ 10010 \text{w07} 10010 \text{w07} 10010 \text{112} 1115 1115 1115	
Aug Oct Turnove Frances Jul Oct Jan Apr BPI	Close 113.00 115.00 115.00 122.00 17 79 (44) 17 FUTUI Uless 1008 1118 1118 11128 1128 1232 (38:	713.00 116.00 123.00 10ts of 20 10ts of 20 1	High/Low 113.00 113.00 113.00 113.00 113.00 1122.03 00mes \$\frac{510/index}{10010 \text{w07}}\$ 10010 \text{w07} 10010 \text{w07} 10010 \text{112} 1115 1115 1115	point
Aug Odd Dac Turnove Jus Odd Jan Apr BPI Turnove Wheel	Close 113.00 115.00 115.00 122.00 122.00 17 79 (44) 17 FUTUII Close 1005 1118 1128 1128 1128 1 - BFR Close	Previous 113.00 116.00 123.00 10ts of 20 to	High/Low 113.00 113.00 113.00 122.03 tonnes. k \$10/index folia 108 1011 2 110 1115 1115 High/Low	point
Aug Odd Dac Turnove FREIGS Just Odd Jan Apr BRI Turnove	Close 113.00 115.00 115.00 122.00 122.00 17 79 (44) 17 FUTUII Close 100% 1118 1118 1128 1128 1232 (38	Frances 113.00 116.00 123.00 123.00 10ts of 20 (10ts of	High/Low 113.00	point
Aug Odd Duc Turnove Jus Oct Jan Apr BPI Turnove Wheat Sep Nov	Close 113.00 115.00 122.00 122.00 17 79 (44) 17 FUTUII Close 1005 1118 1128 1128 1128 1 - BFE Close 113.00 117.10	Previous 113.00 116.00 123.00 10ts of 20 1 123.00 10ts of 20 1 1125 1144 2) Previous 11220 11420 11420 1220 1220 1220 1220 1	High/Low 113.00 113.00 113.00 122.03 tonnes. k \$10/index folia 108 1011 2 110 1115 1115 High/Low	point
Aug Odd Duc Turnove Jul Jul Jan Apr BPI Turnove Wheet Sep Nov	Close 113.00 115.00 122.00 122.00 122.00 17 79 (44) 17 FUTUI 1005 1018 1118 1128 1128 - BFR Close 113.00 117.10 121.80	Freedows 113.00 116.00 123.00 123.00 10ts of 20 to 1020 1004 1104 1105 1105 11144 2) Previous 1112.20 176.05 120.10 123.65	High/Low 113.00	point
Aug Odd Duc Turnove Jus Oct Jan Apr BPI Turnove Wheat Sep Nov	Close 113.00 115.00 122.00 122.00 17 79 (44) 17 FUTUII Close 1005 1118 1128 1128 1128 1 - BFE Close 113.00 117.10	Previous 113.00 116.00 123.00 10ts of 20 1 123.00 10ts of 20 1 1125 1144 2) Previous 11220 11420 11420 1220 1220 1220 1220 1	High/Low 113.00 113.00 113.00 123.03 123.03 123.03 100.06ee High/Low 1010.00 1115 1115 1115 1115 1110 112.00 112.10 112.00 112.10 112.10 112.10 112.10 112.10 112.10 112.10 112.10 112.10 112.10 112.10 112.10 112.10 112.10	point
Aug Odd Duc Turnove Jul Jul Apr Sep Turnove Wheel Sep Nov Jear May	Close 113.00 115.00 115.00 122.00 122.00 122.00 122.00 122.00 17 79 (44) 17 FUTUI 1085 1018 1118 1128 1128 1128 1128 1128 113.00 117.10 124.80 125.00	Freedows 113.00 116.00 123.00 123.00 123.00 10ts of 20 tr 123.00 1104 1105 1105 1114 22) Previous 1112.20 176.01 122.65 126.60	High/Low 113.00 113.00 113.00 113.00 113.00 113.00 113.00 113.00 101.00 101.00 101.00 101.00 113.00	point
Aug Odd Dac Turnove Jul Odd Jan Apr SPI Turnove Wheel Sep Nov Jen Barley Barley	Close 113.00 115.00 122.00 122.00 122.00 122.00 17.79 (44) 17.79 (44) 17.19 1118 1118 1118 1118 1128 1128 113.00 117.10 124.10 124.00 125.00 Close	Freedows 113.00 116.00 116.00 123.00 123.00 1023.00 1024 1104 1105 1105 1105 1104 1107 1108 1108 1108 1108 1108 1108 1108	High/Low 113.00	point
Aug Oct Duc Turnove FREIGS Jul Oct Jan Apr BPI Turnove Wheat Sep Nov Jen Harr Hary Barley Sep	Close 113.00 115.00 125.00 125.00 125.00 125.00 125.00 125.00 1779 (44) 1779	Fredows 113.00 116.00 123.00 123.00 10ts of 20 to 123.00 10ts of 20 to 110.0	High/Low 113.00 113.00 113.00 113.00 122.03 Donnes. R \$10/index 1018 407 1018 407 1018 1085 1112 1110 1115 1115 117.10 112.00 117.10 112.00 117.10 112.00 117.10 112.00 117.10 112.00 117.10 112.00 117.10 112.00 117.10 112.00 117.10 112.00	point
Aug Odd Dac Turnove Jul Odd Jan Apr SPI Turnove Wheel Sep Nov Jen Barley Barley	Close 113.00 115.00 122.00 122.00 122.00 122.00 17.79 (44) 17.79 (44) 17.19 1118 1118 1118 1118 1128 1128 113.00 117.10 124.10 124.00 125.00 Close	Freedows 113.00 116.00 116.00 123.00 123.00 1023.00 1024 1104 1105 1105 1105 1104 1107 1108 1108 1108 1108 1108 1108 1108	High/Low 113.00	point

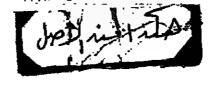
Turnover: Wh

Clos 122.0

	546	000 0.00				_		_	
_		850 649		SPOT: 1,7425			-	other 1,7	200
r pri	825) lots of cea (US or laily 67,36 (6 tonnes ents per po (67,92), 18 d	und) for by aver-	G-01. 13-40.				nganga, tan	
n I			£/tonne	LONDON SA	ولللا	i Hai			
50	Previous	High/Low		Gold (fine oz				E equity	-
.0 .5	188.5 120.5	186.5 196.0 121.5 116.0		Close		-8504	_	20012-20	_
.c	138.0	130.0 129.1		Opening	3504	-350		200 - 2	114
(32	i) lots of 4	i tonnes.		Morning fix Attention fix Day's high Day's low		5 -3514	1	200.803 200.778	٠.
	L - BPE		E/MAIN.						
90	Provident	High/Low		Chins	5 00	06		S edmps	elent
.00	113.00	113.00		Mapleleaf Britania	357-3			2043-20	
.00	116.00	115.00		US Eagle	357-3 357-3		-	20434-21 20434-21	74
.00	123.00	122.00		Arross	357-8	62	2	2044,-20	7
(44)	lots of 20 1	onnes.		New Sov. Old Sev.	349-8 82-84 82-84		4	200-202 17-48 ¼ 17-48 ¼	
TUI	123 - EFI	\$ \$10/ind	lex point	Nobie Piet		5-492.5		78.10-2	92.85
	Previous	High/Law		Silver fix	prine	. 07	. 1	JS cts (- Au
_	1010	1010 407		Spot	275.8			81.10	-que
5	1104	1095 1085		2 mores	285.8			90.90	
B	1125	1112 1110		A mount	298.2		6	01.25	
8	1144	1115 1115		12 months	315.9	D		22.45	
(38	2)			TRADED OF	CHS				
-				Alterninium (9	9.7%)	C	e/ls	- 1	Puts
HT.			£/lonne	Strike price \$	tonne	July	Sep	July	, Sep
89	Previous	High/Low		1450 7550		95	119	1_	9
.00	112.20	113.00 112	95	1650		19	51 16	17 104	102
.10	175.00	117.10 118			- 43	_			
.16 .80	120.10 123.65	121.10 120	.75	Copper (Grad	<u> </u>		alis		Puts ·
	126.60	124.25 127.50		2400 2500		113 30	107 52	18	47 98.
	Printings	High/Low		2600		2	23	69	W
.15	110.00	111.00		Cottee		Bizo	Mon	Sep	Nov
46	115.30	115.55		850		47	73	18	21
		Berley 6 (20	9.	600		21	44	40	42
ď	100 tonnusi.			650		8	26	77	74
				Сосов		Sep	Dec	Sep	Dec
	(Cı	esh Settleme	ant) příco	750 800		62	100	17	13
10	Previous	High/Low		850		34 16	33 56	39 73	74 84
5	122.5	122.5		Paral Carda					
0		118.0		Brent Crude 1600		Aug	Sep	Aug	Sep
(31)				1650		13	45	40	62
kg				7700			28		23

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	M.	- V	fork		7.7
_	124		~~		100
	en.	D 100 tros	oz.; Mercy	02.	
		Close			-
	Jun	351.4	360.4	351.5	\$50.5 D
	نول وسام	351.4	. 350,6 :5 362,9	354.0 1	352.6
	Dat.	357.5	357.3	358.3	358.9
_	Dec	361.9	- 361,7	362.8	361.2
_	Feb	366.4	" 386.2 370.6	357.5 371.5	368.6 371.5
	Apr Jun	375.4	375.2	376.4	376.4
	Aug	300.0	379.7		. 0
				:	A
			**		٠.,
				<u> </u>	7
	PLAT	THURS 50	troy oz; \$/t	ray az.	- 1
	_	Ciose	Previou	: High/Lo	w
٠.		. 482/0	480.0	485.0	479.0
	- Jul	482.0		488.6	485.0
•	Jan	491.0	491,4	493.5	491.0
			7		
				٠.	17-11
_					
_	 S1.VI	BR 5,000 to		estroy cz.	
=	SILV	Ciges	rey oz; cim	es/troy cz.	1 2 - 1 1 1 - 1 - 1
-	SALW.		482.0	High/Lon	0
	Jun .	Closs 1479.4 - 479.5	482.0 482.5	High/Los 0 485.5	0 478.0
	Yes Yes	Gloss 479.5 479.5 483.4	482.0 482.5 485.4	15gh/Log 485.5	0 478.0
	Seb Vrid. Ipi	Close 479.4 479.5 483.4 487.5	482.0 482.5 485.4 480.5	9 485.5 0 · · 493.5	0 478.9 0 457.0
	Just Just Just Just Just Just Just Just	Gloss 479.5 483.4 487.5 498.5	. 482.0 482.5 485.4 480.5 . 501.5	0 485.5 0 493.5 504.5	0 478.0 0 487.0 486.0
	Jun Jul Jul Aug Sep Des	Cioes 479.5 483.4 487.5 498.5 501.7	482.0 482.5 485.4 480.5	9 . 485.5 0 · · · 483.5 504.5 505.5 513.0	0 478.9 0 457.0
	Just Just Just Just Just Just Just Just	Giore 479.5 483.4 487.5 408.6 601.7 509.0 518.2	482.0 482.5 482.5 480.5 501.5 501.5 504.7 512.0 519.3	High/Los 0 485.5 0 493.5 504.5 505.5 513.0 519.5	0 479.0 0 487.0 498.0 0
	Jun Jul Jul Aug Sep Dec Jun Mar May Jul	Cices 479.4 479.5 483.4 487.5 408.5 601.7 508.0 518.2 583.7	482.0 482.5 486.4 486.4 486.5 501.5 504.7 512.0 518.3 526.7	HighA.o. 485.5 0 483.5 504.5 505.5 512.0 519.5 628.0	0 478.0 487.0 485.0 0 508.0 0 527.5
	Jun Jul Jul Aug Sep Des Jun Mar May	Giore 479.5 483.4 487.5 408.6 601.7 509.0 518.2	482.0 482.5 482.5 480.5 501.5 501.5 504.7 512.0 519.3	High/Los 0 485.5 0 493.5 504.5 505.5 513.0 519.5	0 479.0 0 487.0 498.0 0
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	Jun Jul Jul Aug Sep Dec Jun Mar May Jul	Cices 479.4 479.5 483.4 487.5 408.5 601.7 508.0 518.2 583.7	482.0 482.5 486.4 486.4 486.5 501.5 504.7 512.0 518.3 526.7	HighA.o. 485.5 0 483.5 504.5 505.5 512.0 519.5 628.0	0 478.0 487.0 485.0 0 508.0 0 527.5
	Jun Jul Aug Sep Des Mar May Jul Sep	Cices 479.5 483.4 487.5 498.6 601.7 508.0 518.2 523.7 531.6	482.0 482.5 486.4 486.5 501.5 504.7 512.0 518.3 526.7 534.8	HighA.o. 485.5 0 483.5 504.5 505.5 512.0 519.5 628.0	0 478.0 0 487.0 488.0 0 508.0 0 527.5
	Jun Jul Aug Sep Des Mar May Jul Sep	Close 479.5 483.4 487.5 498.5 601.7 509.0 518.3 583.7 531.6	482.0 482.5 485.4 485.4 485.5 801.5 804.7 612.0 518.3 826.7 634.5	HighA.or 0 485.5 0 489.5 504.5 506.5 519.5 628.0 636.9	0 478.0 0 487.0 496.0 0 508.0 0 527.5
	Jun Jun Aug Sop Des Line Mary Jul Sop	Cices 479.5 483.4 487.5 498.6 601.7 508.0 518.2 523.7 531.6	482.0 482.5 482.5 480.5 591.5 591.5 592.7 512.0 518.3 594.6 Frevious	High/Lo	0 478.0 0 485.0 486.0 0 508.0 0 527.5 0
	Jun Jul Jul Sep Des Mer Mey Jul Sep	Close 479.4 479.5 487.4 487.5 498.5 591.2 599.0 519.2 583.7 531.6 Close 110.35	482.0 482.5 482.5 480.5 501.5 504.5 512.0 518.3 528.7 594.5 Previous	0 485.5 485.5 483.5 504.5 505.5 512.0 512.5 528.0 586.0 886.0	0 478.9 0 467.9 486.0 0 808.0 0 507.5 0
74 ·	Jun Jul Aug Sep Dus Mar May Jul Sep Heat Jul Sep Heat Jul Sep	Cioee 1479.5 479.5 483.4 499.6 691.7 599.0 519.2 523.7 531.6 Cioee 110.35	482.0 482.5 482.5 480.5 801.5 804.5 804.5 804.5 804.6	0 485.5 0 483.5 304.5 505.5 513.0 51	0 478.9 0 457.9 496.9 0 508.9 0 527.5 0
7 THE TOTAL CO.	Jun Jul Aug Sep Des Sep Mer Mey Jul Sep Jun	Ciose 479.4 479.5 487.5 487.5 498.6 501.7 539.0 518.3 583.7 531.6 Ciose 110.35 110.35 110.35 110.35 110.35 110.35	482.0 482.5 482.5 482.5 482.5 591.5 591.5 594.7 612.3 518.3 522.7 594.6 Previous 108.65 108.65 109.65	9 485.5 0 485.5 505.5 510.5 510.5 510.5 520.0 586.0 High/Loy 110.25 110.20	0 478.9 485.0 486.0 0 508.0 0 527.5 0 708.50
A	Jun Jul Aug Sep Des Mary Jul Sep Jun Jul Sep	Ciose 479.4 479.5 487.5 487.5 487.5 501.7 509.0 518.3 531.6 Ciose 110.35 110.00 100.00	482.0 482.5 482.4 483.5 804.7 512.8 512.8 523.7 534.6 Previous 108.55 107.60 108.65	0 485.5 0 483.5 304.5 505.5 513.0 51	0 478.9 0 487.9 486.0 0 508.9 0 527.5 0 708.75 109.70 109.70
	Jun Jul Aug Sep Des Sep Mer Mey Jul Sep Jun	Ciose 479.4 479.5 487.5 487.5 498.6 501.7 539.0 518.3 583.7 531.6 Ciose 110.35 110.35 110.35 110.35 110.35 110.35	482.0 482.5 482.4 493.4 490.5 894.7 512.3 328.7 594.6 Provious 108.65 108.65 108.65 106.86 106.86 106.86	9 485.5 0 485.5 0 483.5 504.5 513.5 513.5 528.0 585.9 High/Los 110.20 108.10 108.13	0 477.0 0 487.0 488.0 0 508.0 508.0 0 527.5 0
	Jun Jul Aug Sep Dus Line May Jul Sep Jul Sep Cot Nov Dec	Ciose. 479.4. 479.4. 479.5. 483.4. 487.5. 489.6. 690.6. 690.6. 519.0. 519.0. 519.0. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00. 110.00.	482.0 482.5 482.5 482.5 480.5 504.7 612.0 514.8 522.7 534.6 100.55 100.55 100.65 100.75 100.75 100.60	9 485.5 9 485.5 9 483.5 906.5 906.5 916	0 4779.9 4857.9 485.0 0 508.9 0 5227.5 0 709.70 109.40 107.20 0
	Jan Jul Aug Sep Des Jul Sep Jul Sep Jul Sep Jul Sep Oot Jun Sep Oot Jun Sep Oot Jun Sep Oot May Nov	Ciose 479.4 479.4 483.4 483.4 483.5 486.5 501.7 508.0 518.2 518.3 518.3 Ciose 110.35 110.00 108.30 108.30 108.30	482.0 482.5 482.4 493.4 490.5 894.7 512.3 328.7 594.6 Provious 108.65 108.65 108.65 106.86 106.86 106.86	9 485.5 0 485.5 0 483.5 504.5 513.5 513.5 528.0 585.9 High/Los 110.20 108.10 108.13	0 477.0 0 487.0 488.0 0 508.0 508.0 0 527.5 0

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nated Me	etel Trading)	CINU	DE COL (L	lght) 42,00	u6 gálls	\$/berrel	- Ch	ileag	Ю					1
e O;	pen Intercet		· Latest	Previou	# High/L	OW .					_	<u>.</u>		1
	r 44,391 lote	Aug	16,77	17.14	17.07	10.76	_ SOTA	MEANS 5	998 bu min; c	ente/60lb b	reitel .	<u>-</u> 1		ĺ
100		Sep	17.6	17.81	17.70	17.45	<u></u>	Cioes	Previous	High/Low			2	
1,7	744 lots	Cod	18.11	18.16	16.28 19.10	18.05 19.07	344	606/0	606/0	816/0	607/4	5 1 1		i
parade.	r 78,822 lois	Mar	19.22	19.26	10.22	19.16	AUG	815/2 822/0	614/4 621/6	622/4 626/0	615/0			
	ICI loto	Apr ,	19.27	·19.36	. 19.27	G	Mey	632/2	631/2	639/4	631/4	. 1	F 1	
		· WEAT	HING OIL	42,000 US	gelle, cent	√U6 gelle	- Jen	644/2	642/6	650/6	644/0		15	
- SEINO	er 9,782 lots			- Previou	a High/Le	THE STATE OF THE S		854/4 864/0	663/4	661/0 670/0	654/4			:
2,8	549 John		4800	4840	4830	4780	-Jul	670/0	665/4	676/0	870/0		. 4	ı
	er 9,030 lots	Aug	4830	4996 ·	4860	4810	' _ <u>Aug.</u>	969/0	686/0	0	0	<u> </u>	20	
	1 1	06	4970 5115	6148	4995 5140	4950 5086	BOY!	THE OIL	60,000 RM; (ents/fb				
1,7	P85 icts	Nov	5241	.5261	5250	5226		Closes	Previous	High/Low		- .		
y turnov	er 5,180 lots	And	. <u>5200</u>	'8194 8084	5200 5320	5180 5020		24.02 .	24.06	24.22	23.91	₹' '		
- 4			0000			-	Aug Sep	23.93 23.85	23.94 23.81	24.12 24.06	马石	1 (1)	·*·	
_	iëž lots						_ Öet	29.72	23.65	28.96	23.80 23.70		3.10	
MILION	19,170 (00	COC	0A 10 ton	rest form	-		Dec	25.61	23.52	23.80	23.55		1	1.
4.	H4 lots	5,000	*Close	Previou	- High/Ld	,	— Jan	23.47	23.20 23.20	23,62 23,60	23.45 · 23.30	177		¬
		34	TEEL	1226	1248	1222	May	28.12	23.16	23.45	23.10			
9 me	onthe: 1,6785	840	1240	1244	1274	1236	BOYA	MAN (90)	44. 100 tons	S/IDA		÷ :	÷.	
	<u> </u>	Dec	1275	1277 , 1309	1305 1333	1278		Close	Previous	High/Low		- 1, 1, 4		
•		May	100	1320	1344	_ 0	Jul	177.2	176.9	178.4	Tage	-	"	
		Jul Sep	1346 1368	1945	1365	1365	Aveg	179.2	178.7	180.8	176.9 179.0	T^{-1}	٠	
				_			_ Sep Oct	101.1	180.5	182.5	180.5			
		COFF		7,500lbs; c			- Des	182.9 186.8	186.2	186.8	182.9		144	
			Cioso	Previou	a High/Lo	///	Jen	188.5	187.5	189.5	188.3			
		-	85.70 88.35	84.80 87.65	86.70	84.25	Mar May	192.0	190.6 191.5	192.0 194.0	191.0		. 5	
High/Lq	"	Dec	91.45	90.70	89.20 92.25	87.10 90.60	Jul	193.5	190.1	196.6	192.0 193.5	200		
351.5	350.5	Mar	94.25	98.25	95.00	23.45	MACE	5,000 bu	min; cents/5	lledaud dif		-	· . ·	
0 354.0 °.,	9 352.6	. Jul	98.00	95.25 97.15	98.00	96.D0	5 T	Close	Previous	High/Low		- 7.		
358.3	358.9	300	88.90	99.15	0	0	Jul	287/0			-	<u> </u>		
362.8	361.2				٠.		Sep Dec	284/4	285/6 . 283/6	290/0 289/0	256/0 254/0		: ··	
357.5 371.5	366.6 371.5						Dec .	263/6 290/6	283/0	288/6	283/0			
376.4	376.4	: sue	AS MOUNT	D "11" 112	,000 lbs; o	ents/lbs	May	295/2	290/0 · 295/2	295/0 299/4	290/4 . 295/D	•	/ - .	
•			Close	Previou	s High/Lo	707	Jul	297/2	297/6	301/4	297/0 .	V 1. 1.3		
		Jul	12.66	12.58	VILTO	12.45	Sep Dec	282/0 288/0	261/4 268/0	288/4 271/4	202/0			
		Oct	12.15	12.27	12.65	12.13					255/0		1. 7.7	
CZ.	v 1	May	12.13	11.91	12.25	12.13		Ciose	min; ceiste/(
High/Lo	w	Jul	12.11 - 12.05	11.85	19.16	12.11	1.1		Previous	High/Low		in.		
683.0	479.0		12.00	11.00	12.00	9. 14 A 14	_Jul _Sep	333/2 337/4	334/0 337/6 ′	335/4	333/0			
(88.6	485.0						Dec	351/4	362/0	340/0	337/2 · · · · · · · · · · · · · · · · · · ·		-:-	
493.5	401.0	COTT	ON 60,000	; cents/ibs		'	Mer May	357/6	358/2	359/4	357/O	_ ~		
			Comm	Previous	High/Lo	w ' : "		352/4 347/4	353/4 347/0	365/4 0	352/4	. 7		>
<u> </u>		Jul -	- 87.20	86.81	87.50	88.80	·			_	.D		K 5	
roy oz.	· · ·	Oct	77.30	75.16	78.35	77.65	LINE	ATTLE 40	,000 lbs; cen	s/lbs		-	τ.	
Sgh/Los		Dec .	73.95	74.25 76.05	74.45 75.15	73.70 74.55		Close	Prévious	High/Low		170		
1 .	0	Oct.	70,25	70.00	0	- 0	Aug	73.15	· 73.00	73.32	70.00	- 1-3		
85.6	479.0			-	•		Oct	75.25	75.05	75.42	72.85 74.87	=)	, ,	
93.5	0 457.0	-		40.00		<u> </u>	Dec	74.67	74.72	75.00	74.52		~	
04.5	496.0	OTAL	SE JUKE	15,000 lbs	r, cents/lbs		- Apr	74,62 75,67	74.40 75.50	74,75 · 76.75	74.35	e .	<u>.</u>	
905.5	0.		Ciosa	Previous	High/Lo	W	Ain	72.85	72.62	72.82	76.80 72.85	77	1	
13.0	608.0 Q	Jul	182.25	183.00	184.40	180.40	LIME	1006 30.0	00 lb; cents/II				_	
28.0 ·	627.S	Sep Nov	165.00	166.50	168.00	105.00		Close	Previous				-	
95.0	. 0	Jen	156:75	180.10	188.00		- Tarak			High/Low		1 -10		
		, Jri	157.60	159.60	0 - "	4	Aug.	60.77 66.92	60.45 · -58.62	60.92	60.30		7	
	_				* Y .		Oct :	52.90	62.55	59.25 53.27	58,86 i		-	
lbs; cu	nts/ibe	<u> </u>					Dec	51,82	51.65	920	\$2.62 51.67	4.4		
ligh/Lou		BID	CEC\$		١٠.		Feb Apr	48.40 46.05	49.07	49.45	49.00		Σ,	
10.25		. NEUT	rens (Be	ee: Septen	bec 18 199	1 = 100)	- dun	49.25	46.00 - 49.25	46.55 49.60	45.90			
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09.50	100.49	<u> </u>					PORK		10,000 /bs; ca		*	1.		
06.70	107.20		1867,8		1912.7	2025.5								
06.75	0	001	JUNE5 (Baset Dec.			1.3	Close	Previous	High/Low		- 5		r _k
04.30	109.60	1_	Jun 2	Jun 25	with W	90 yr ego	Aug	59.15 58.30	57.15 56.35 :	69.15	57.35	2	*	3
00.65	0,			131.71	135.83	-, -	Feb	56.65	56.22	59.35 57.05	60,25			
00.65	100.50 0	Futur	45 -	131.29		-, .	Mer	66.20	54.92	56.7 5 ·	56,15 54,85	Ans.	=	
	•	-					May.	56.72	66.30	58.80	SS.EE. Co.			
												aller and the	5.	



127.4

105.4

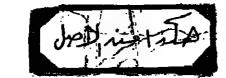
167.9 734.7 43.5 (15/8) (16/2/83) (26/10/71)

2103,4 2463,7 986.9 (30/4) (3/1/90) (25/7/84)

Basis 100 Gevt, Secs 15/10/28, Fixed Int. 1928, Ordinary 1/7/25, Gold mines 12/9/25. Basis 100

49,18

50.53



LONDON STOCK EXCHANGE

Burton does nothing to ease the pain

leading UK clothing retailer completed the misery yesterday for a UK stock market already suffering from the absence of technical support from the futures market.
Transferow sees the expiry of

ads

the FT-SE June contract, which resterday continued to which its premium against the niderlying index. A fall in equities of more than 20 Foot-sie points was extended in late afternoon when store shares weakened after Burton Group disclosed that sales had deteri-

Equities rallied in the clos-ing moments of the session as Wall Street reversed an open-

ACCOUNT	t Dealing	Dates
That Dealings: Jun 11 Option Decimals	dur; 25	Jul 9
Jun 21	Jul 5	Jul 19
Account Days	ीर्थ ह	Jul 20
- Ini 5	Jul 16	Jul 30
end out me oc.	passe days of	place from riler,

ing fall to show a net rise of 8.1? on the Dow as London closed for the day. UK equity strategists were cautious on President Bush's apparent shift of stance on US taxes.

Share prices opened lower. discouraged by a dip in ster-ling which was soon transmit-ted to the gilt-edged market. where prices were half-a-point off by mid-session. Although turnover across the full range of equities remained fairly light, there were some active features where downgradings drove share prices lower. Natwest ran into sellers in the

wake of the latest profits down-gradings and Burton were hard but after the board's warning. At worst, the market was more than 30 points off, with a small (220m) sell programme in the leaders helping to depress the picture. But the final rally left the FT-SE Index with a closing reading re closing reading of 2,373.5, a net 26.3 down. Seag volume fell from 461.2m shares on Tuesday

tions are still unwilling to sell stock. A large £18m trade in the Footsie June future reflected the final unwinding of the market.
The downgrades/upgrades of positions ahead of the con-

of positions shead of the con-tract's expiry on Friday.

The response to pasternay's talement from Burton high-lighted the market's concern over corporate profits. Equi-ties have seemed to pay little haed over the past two months heed over the past two months to changes in corporate profits forecasts by leading securities houses (See Chart, based on BZW list of profits upgradings/ downgradings). After falling away sharply relative to upgradings earlier this year, profit downgradings climbed

mid-May as corporate year-end statements brought a round of more pessimistic forecasts for profits across the broad range

Ord. Div. Yield

ratio stabilised in June, although this week has brought new downgradings of profits at some leading compa-nies. The banking sector has suffered further down-ratings, and a cut in forecasts for ICI profits by S.G. Warburg, broker to the blue chip chemical company, and also by Heare Govett, have been accompanied by a fall of more than 2 per cent in the share price this

said Costain's share price "has run far enough on the back of

run far enough on the back of prospects for the group's coal interests in the US and UK."

There was no let-up in the run of dismal profits figures from the housebuilding sector. Among those reporting yester-day, Crest Nicholson revealed

an interim pre-tax loss of £572,000, against a profit of £20.23m achieved in the same period last year. Dealers

pointed out that poor results had been foreshadowed in the

annual report, but the shares nevertheless retracted to close a net 9 down at 144p. Forecasts for the full year have been revised downwards from

around £15m to £12m, Berkeley Group's prelimi-

nary figures were in a similar vein to Crest's, with pre-tax profits sliding from £22.1m to

2304,000. The company said it was bracing itself for another difficult year. The shares, however, performed well, edging up 3 to 185p, boosted by some determined support from County NatWest

County NatWest.

Mr Angus Phaure, County's buildings guru and a big fan of Berkeley, said in a note on Berkeley, said in a note on Berkeley labelled "Pile in" that the company is "unique in that it is virtually the only UK housebuilder which has now sold almost all the stock (le land and houses) it owned when the market turned in 1988." He added that "in July it will be hardly borrowed at all despite spending 220m on land in the last few months." He forecast that Berkeley's profits "will rise to 25m, 220m and 230m in the years ending April 1991, 1992 and 1993 respectively. He added: "The abare price could be in excess of 500p in 1992 — buy."

10.69 10.27 11.33 11.75 Earning Yid %(full) P/E Ratio(Net)(x) 10,75 11,27 10.60 11.44 10.67 11.35 FT-SE 100 31/12/63, a NH 11.14 11.42 26,472 960,26 27,982 367.9 SEAC Bargns 4.45pm Equity Turnover(fm)† Equity Bargains† Shares Traded (mi)† 26,526 803.67 26,889 376.6 22,444 **GILT EDGED ACTIVITY** Jene 25 June 25 Gilt Edged Bargains 107.1 123.7 5-Day average 124.7 136.8 FT-SE. Hourty changes Day's High 2394.1 Day's Low 2359.1 Open 9 am 10 am 11 am 12 pm 1 pm 2382.4 2386.0 2389.8 2380.4 2379.8 2380.2 2379.2 2379.2 2379.2 2379.2 London report and latest Share index: Tel. 0898 123001. Trading volume in Major Stocks

FINANCIAL TIMES STOCK INDICES

Based on trading volume for Input Alpha securities dealt through the SEAC system yealenday until 4.50pm Wagne Industrial, the West Midlands-based engineering 175p. But another software group, responded strongly to

sharply higher annual profits and the sale of its office equipment business to Skandinav-isk, of Denmark, for £28.25m. The proceeds will wipe out Wagon's debt and give it cash in the bank, news which swept the shares 25 higher to 354p, after a high of 365p. Wheway, which received recent favourable mention, were 6 stronger at 87p. "Inquiries are plentiful but business is minimal," explained a dealer who blamed stock shortages for the movement. Awaiting today's preliminary statement, Tax Group improved 3 to 168p. Tax Group improved 3 to 168p.
The County NatWest down-grade left Logica, the software group, a further 10 lower at

company, Sema, continued to advance rapidly, the shares racing up 27 to 588p, with dealers convinced that Cap Gemini Sogeti, of France, has boosted its stake in Sema, last revealed at 34 per cent.

Parkilaid continued to suf-

fer. The shares stood at 518p in January but have since fallen from grace. Last week, Parkfield warned on profits and field warned on profits and said its accounts would be delayed, developments which have lowered the shares from 346p to yesterday's 125p, down 27 further on the day. Speculation of takeover pos-sibilities pushed High-Point, the consultancy and services company, 25 higher to 298p. Two directors share a control-ling stake in the company,

whose shares are described as a "terribly tight market." However, a reasonable line of stock was placed a few months ago, according to one trader.

D.CGardner cased 3 to 1830 as BZW downgraded its profits estimate from £5m to £3.7m, emphasising, however, that it still expected the company's core business to grow strongly this year. Ensur improved 3 to 600 in response to increased

80p in response to increased annual profits.
Scottish Cities Investment Trust "A" jumped 17 to 690p as Anglo Scandinavian Investment Trust emerged as a 15 per cent absreholder.

M Other Market statistics, including the FT-Actuaries share index, Page 23

Warning from the High St

A PROFITS warning from Burton late in the session trig-gered busy selling and a sharp fall in the shares. The com-pany said that sales had deterl-grated in recent months.

Burton has been one of those companies that never surprised us." said Mr Paul surprised us." said Mr Paul Ayasley at County NatWest WoodMac, a long-standing seller of the stock. He cut his forecast for the current year from £200m to £175m, but said there was little detailed information available from the community concerning

mation available from the company, especially concerning Burton's property and financial services activities.

Similar uncertainty over the fortunes of Burton's non-retailing operations led Goldman Sachs to cut its current year forecast from £200m to £150m yesterday. Mr Keith Wills at Goldman said the dividend would probably be maintained. He was a seller down to £250, when the yield would be 10 per when the yield would be 10 per

above the day's low at 149p, a net 15 down from the previous night's close. Trading volume was a high 8.4m shares.

US duty worries Grand Metropolitan and

Allied Lyons were hit by fears that US excise duties would be increased following President George Bush's decision to raise non-income taxes. Analysts were agreed that the effect on London stocks

was largely sentiment. Mr John Wakeley at Shearson Lehman Huiton said the news was not negative in the long run, but that in the short term drinks shipments in the US as wholesalers placed orders ahead of duty increases, 1990 would look better than expec-ted as a result, he said, and 1991 correspondingly worse. Mr Neill Junor at County NatWest WoodMac said US excise changes were based on the volume of alcohol and would thus have most impact on the prices of wines and beers, in which the involve-ment of UK companies is small. After that, budget

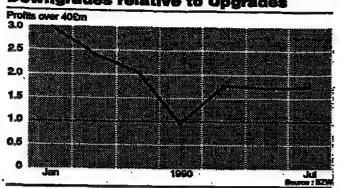
more than premium brands which did not harm spirits suppliers' plans to encourage cus-tomers to trade up to higher margin products. Mr Wakeley followed a similar line of reasoning, adding that high duty regimes have in the past tended to produce stronger companies. He cited

the example of Southern

spirits would show changes

Charago.

Downgrades relative to Upgrades



Burops, where low drinks taxes combine with low profile donestic producers.

GrandMet fell 21 at one point before closing a net 16 off at 644p. Allied dropped to 495p but picked up to close at 501p for a decline of 9 on the closure. Rurope, where low drinks

The exception to the gloom was Scottish & Newcastle, which climbed 8 to 345p ahead of finals on July 2.

BICC move

The market was surprised by the news that BICG, the cahles and construction group, is launching a £177m underwritten rights issue of 10.75 per cent convertible bonds, convertible in 2,020. Terms of the issue are 13 bonds at 100p each for every 20 BICC shares held. The money will be used to The money will be used to help finance an increase in the company's stake in Grupo Espanoi General Cable (GEGC), the Spanish cable man-ufacturer. BICC currently has a 20 per cent holding in GEGC and will increase this to 39 per cent A 25 per cent interest in cent. A 25 per cent interest in GEGC is to be floated on the

Spanish stock market in 1992. BICC acquired its original stake in January last year as part of a management buyont of the Spanish group.

RICC accompanied the rights issue news with a forecast increase in its interim dividend to 6p, compared with the 5.75p for the same period last year. for the same period last year. The group said its cables busineases were making good prog-ress, especially in Europe, its UK contracting and engineer-UK contracting and engineering divisions enjoyed strong order books; on a more cantionary note, it said that the UK housing and property businesses are still being affected by high interest rates.

BICC shares initially hald up well in response to the news, but later fell in line with the

Alignophis (1) (Mags (2) CHEMICALS CTRICALS (5) MOUSTRIALS (50) AGA lovar, Alia Leval AB lasta Systems, Caparo

market to close a net 16 off at

terday, closed 6 down at 544p. Alumase clouded over as

Clynwed remained at 2669.
Telfor colsimated its first major rolling stock order from British Rell with a rise of 5 to

226p. The company will supply 37 three-class 322 advanced alectric trains, with deliveries seeduled to start in April 1992, and it has an option to supply up to 14 additional three-car The bearish sentiment hov-

The bearish sentiment hovering over Davy Corporations showed no sign of lifting and the shares ended 10 lower at 205p. Several security houses have turned negative, some issuing sell recommendations, since amountement last week

boro, of the US.

Rothmans International slipped to the day's low of 745p just ahead of the announcement of the company's full year figures. The stock staged a steady rally for the rest of the session to end just 2 off on NEW HIGHS AND LOWS FOR 1990

BUILDHOR (2) STORES (2) ENCAPPERMINO (1) (3) Childe Heat, Lineat, Lin (4) Parifield, Sale Tiney, GANCE (2) LIEBURE (4) MERAPERS (2) PAPERS (4) PAPERS (4) PAPERS

442p on turnover of 1.3m.
The reportedly imminent ruling by the European Commission ordering British Aeroson browing fritish Aero-space to repay £44.4m of illegal subsidies used to sweeten the UK Government sale of the Rover car group made little impact during market hours. BAe, whose shares followed the overall market trend yes-terday closed 5 dym at 540s.

Glynwed International was obliged to allow its offer for the company to lapse following referral earlier this month of the proposed acquisition to the Monopolies and Mergers Com-mission. Glynwed had received acceptances in respect of 98.43 per cent of Alumasc, which closed 5 lower at 238p.

of the group's annual results. he went into reverse and shed 9 to 511p, more with the general market than on adverse thoughts over the planned acquisition of Fox-boro, of the US.

with 2337m, was better than expected. He edged his forecast for the current year 25m higher to 2455m and reiterated his buy recommendation. Mecca Leisure's recommendation of the bid from Rank Organisation caught analysts

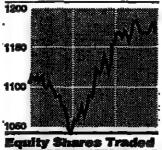
balance at 754p. Mr William de Winter of Hoare Govett said

the profit of £406m, compared

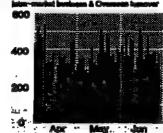
Organisation caught analysis and traders unawares. Mr Roy Owens of Smith New Court said that at this price the deal was good for Rank. "The only way the bid will not go ahead is if the OFT refers it. This is possible but unlikely." Mercaclimbed 4½ to 88½p, while Hank slipped 3 to 861p.

Packaging maker and distributor Bunzl fell 5 to 96p as Ms Chris Munro at Hoare Gowett cut her profit forecast for the current year from 271m to 267m. She said the company was suffering from weak prices in the US and difficult con-

in the US and difficult con-FT-A Alf-Share Index



Tumover by wateres (milion)



sumer markets in the UK. Banks continued to suffer from the list of profits downgrades in recent weeks. Nat-West and Barclays bore the brunt of the selling. NatWest dropped 13 more to 325p with turnover reaching 8.8m shares, the highest for some consider able time. Barclays dipped 8 to

40tp on 5m. Legal & General added 9 at 428p due to a stock shortage, while General Accident were prominent in composites, moving up 14 to 1137p shead of the expected share split.

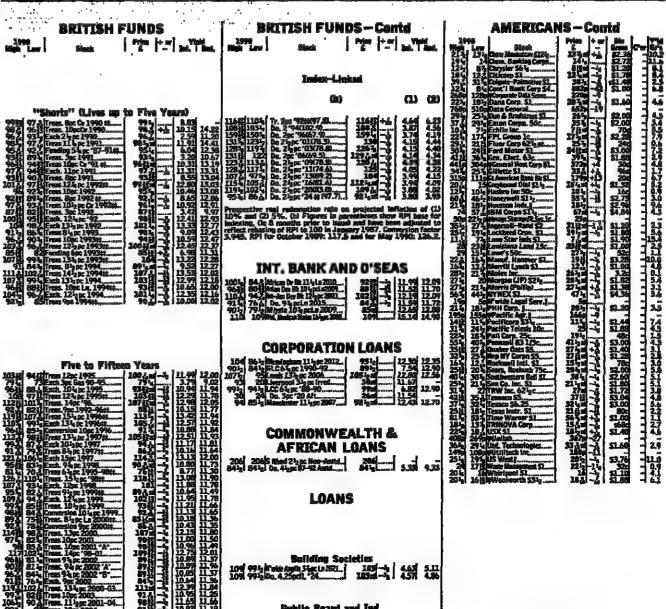
Centain was a notable weak spot in the building sector as flower the composite of the

Hoare Govett, the company's broker, lowered its profits esti-

broker, lowered its profits esti-mates for the group.

Ms Krystyna Brzeakwinski,
Hoare's contraction and con-tracting specialist, cut her expectation of current year pre-tax profits by £8m to £68m and that for next year from £89m to £82m. Ms Brzeskwinski

LONDON SHARE SERVICE



APPOINTMENTS

Scottish Mutual changes

THE SCOTTISH MUTUAL ASSURANCE SOCIETY. Glasgow, has appointed Mr Douglas Patrick as chief executive, succeeding Mr Douglas McKinnon, general manager, who retires on June 30 and beomes a non-executive director. Mr Patrick was deputy general manager and a director. Six divisional general managers have been appointed from July 1: Mr Alan Blakeley (systems); Mr John Campbell (marketing and sales); Mr Robert Clarkson (investment); Mr Leslie Gray (corporate services); Mr William Henderson (client services); and Mr Clive Thomson (finance) who also

Dr Carlos Lopez-Cacicedo has been appointed director of research and technology at NATIONAL POWER. He is currently director of the Electricity Research and Development Centre, Capenhurst

Mr Tim Ayre has been appointed to the main board of CHARTWELL LAND as investment director, retaining responsibility for Chartwell Land Investments, Mr David man is joining as director of Chartwell Land Development, and Mr David Gregory becomes director tible for major retail projects.

Mr Gordon Pepper has resigned his directorships in the Midland Group to concentrate on his role as director of the Centre for Financial Markets at CTTY UNIVERSITY BUSINESS SCHOOL. He was joint senior partner of W. Greenwell & Co, stockbrokers, before it became part of Midland Group.

Mr Nigel Young has been appointed assistant divisional chief executive of the HALMA safety division. He continues as managing director of subsidiary Fortress Interlocks.
Mr John Zarno has been
appointed assistant divisional chief executive of the machinery and services division, remaining managing director of Kerry Uitrasonics; Mr Denis Cumins, finance director of Standard Machinery, becomes finance director of the division.

THE DE LA RUE COMPANY has appointed Mr Robert Gardner as managing director of its payment systems division, following the resignation of Mr Peter Underhill. Mr Gardner was a main board director of Gestetner Holdings.

BALFOUR MACLAINE CORP, New York, has appointed Mr Bob Siebenmann as managing director of its

Relforr Medaine International (UK) commodity futures rokerage subsidiary in

 PEMBROKE has appointed Mr Stuart Cunliffe to the board, and Mr Peter Handy as a director of Pembroke (Lincoln), Pembroke (Refurbishments), and

Customer support posts at British Aerospace

■ BRITISH AEROSPACE COMMERCIAL AIRCRAFT has appointed Mr Michael Farge as senior vice president customer support, sirline division, from July 1. He joins from Normalair-Garrett where he was executive director customer support, and succeeds Mr Jimmy Warren who has moved to British Aerospace Inc in the US as senior vice president customer support operations.

Mr Peter Middleton has joined DAF's headquarters in Eindhoven as corporate strategy director, a new post. He was director product planning and timing, Rolls Royce Motors. Mr Middleton began his career in 1969 with Leyland Vehicles, forerunner of the present Leyland DAF company.

■ WOOLF, owned by CBC, a subsidiary of Compagnie Générale des Eaux, has

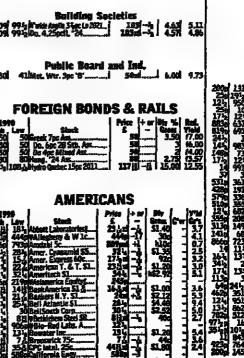
appointed Mr Michael Stafford as chairman. Mr Terry Fleming has been made group managing director of Woolf. Mr Stafford was one of the two founding directors of the Woolf organisation and Mr Fleming was chairman of the Laing

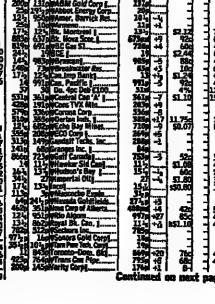
■ Mr John Chandler has been appointed director and general manager of BIRFIELD EXTRUSIONS, part of GKN Automotive, from July 1. He moves from dister company Hardy Spicer where he is works director, and succeeds Mr Keith Beard who has



Over Fifteen Year:

Mr Rod Sellers (pictured), financial director of BRITISH VITA, becomes chief executive on July 1, succeeding Mr Bob McGee who continues as executive chairman. Mr Sellers

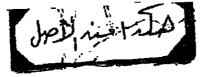


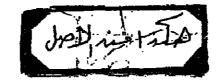


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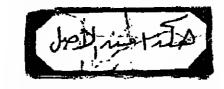
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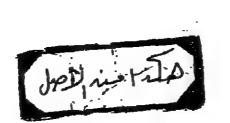
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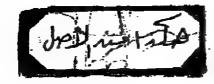
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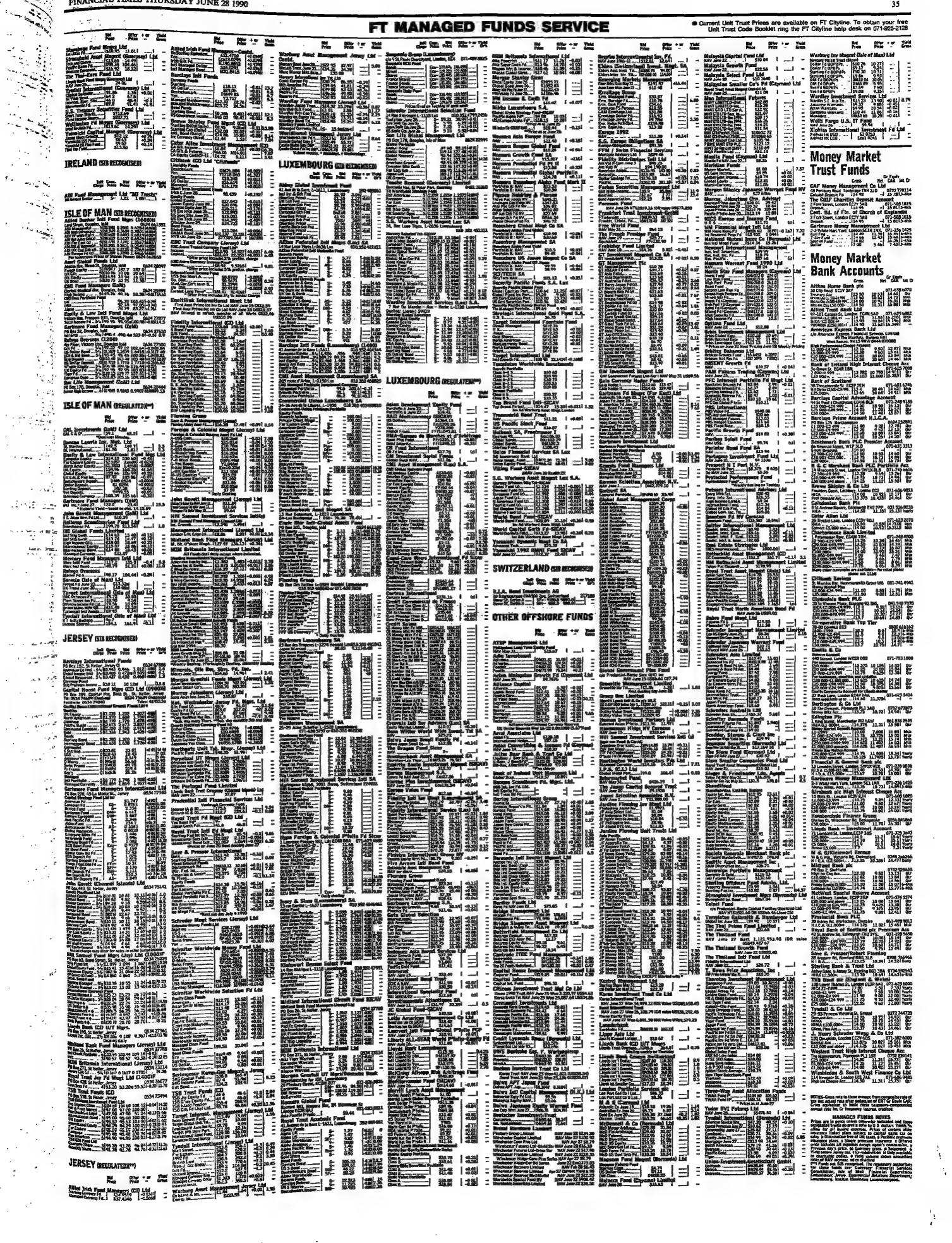
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OFFSHORE INSURANCES

OFFSHORE 31







Dollar steady at lower levels

monetary policy just yet. Instead, it will wait for clearer signs that the budget deficit is

to be cut. The uncertainty sur-

rounding the immediate after-

effects effects of Germany

monetary union, which begins on Sunday, may also strengthen the hand of those

Fed governors favouring no change in policy. The dollar closed lower at DM1.6640 from

DM1.6715; at Y154.40 from

Y155.15; and at FFr5.5900 from FFr5.6075; but itfirmed to SFr1.4075 from SFr1.4050. The

dollar's exchange rate index,

calculated by the Bank of England, fell 0.3 point to 67.1. The other major currencies

were little changed in quiet trading. Sterling began weakly after Mrs Margaret Thatcher, the UK Prime Minister, expressed doubts at the Dublin

European Community summit about proposals for a single European currency and central bank. However, the UK's high

THE US DOLLAR opened lower yesterday in response to hints by President George Bush that taxes may be raised in order to cut the budget deficit. Thereafter, it spent the rest of the day trading steadily in a narrow range.

Mr Bush's comments increased speculation that interest rates could be cut if the deficit was indeed eventually reduced by tax increases. But after the initial wave of selling, the dollar stabilised as the market began to assess Mr Bush's words.

Analysts welcomed Mr Bush's remarks but said any changes would not come until later in the year. "There are no concrete proposals yet to raise taxes," said Mr Bill Simpson, money market economist at Barclays Bank.

The uncertainty surrounding Mr Bush's comments made traders reluctant to mark the dollar lower once the immediate wave of selling dried up. Furthermore, the approach of June non-farm payroll figures on July 6 and the policy-setting Federal Open Market Committee meeting next week was another reason for caution.

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MONEY MARKETS

firm yesterday as sterling eased against the D-Mark. The

key three-month interbank

rate was up & point at 141-142 per cent. The futures market

followed sterling lower with September short sterling clos-ing 3 points lower at 85.44. December finished 10 off at

The Bank of England provided total assistance to the money market of £100m com-

pared with a final forecast

shortage of £150m. The Bank has left the market short of

UK clearing bank base lending rate

15 per cent from October 5

estimated shortage of £100m was revised to £200m but after

lunch it was reduced to £150m.

The only assistance to the

market came in the afternoon

when £100m of late assistance

shortage bills maturing in

official hands, repayment of

late assistance and a take-up of

Treasury bills were forecast to

drain £244m, a rise in the note

Of the factors causing the

every

liquidity

pressure on rates.

was provided.

London rates firm balances were £50m below

Yes per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

balances were soun below target. This was partly offset by Exchequer transactions, which added £310m. In Frankfurt call money rose to 7.95-8.00 per cent from 7.85-95 on Tuesday after the Bundesbank surprised the market by draining DM1.2bn of liquidity in this week's tender for securities repurchase pacts.

Traders had expected the central bank to replace an expiring DM18.2bn pact in full and some evenbelieved it would add to liquidity. The futures market responded to the rise in rates and September Euromarks fell 11 points to

Mr Hans Güenter Redeker of Chemical Bank in Frankfurt said the Bundesbank may have tightened policy in order to pre-empt an increase in liquidity when monetary union takes place next week. He also day this week but dealers said there was sufficient liquidity to avoid any strong upward said there was a possibility the Bundesbank was preparing for a rate hike but he thought the During the morning an

chances of this was "less than 20 per cent." The 28-day tender was allocated at rates of 7.80-95 per cent, unchanged from the rates on last week's 28-day pact. In New York the Federal

Reserve added \$2bn of liquidity to the banking system using customer repurchase customer repurchase agreements. At the time of the operations, Federal Funds were unchanged quoted at 8th per circulation £130m and bankers cent.

interest rates prevented it from falling far. In addition, ster-ling's entry into the exchange rate mechanism of the European Monetary System has not been questioned by Mrs Thatcher. Many analysts said they expected sterling to trade around DM2.90 until the next batch of economic data in the middle of July.

Sterling closed unchanged at DM2.9000; and rose to \$1.7425 from \$1.7355; to FFr9.7400 from FFr9.7325; and to SFr2.4525 from SFr2.4400; but it fell to Y269.00 from Y269.25. Sterling's exchange rate index fell 0.2 point to 91.3.

The D-Mark was firmer on short-covering before German monetary union and after Mr Hans Tietmeyer, a Bundesbank board member, said in a US magazine that high money market rates were appropriate to keep inflation under control.
The D-Mark was firmer at
722.30 from Y92.85.

	1 60	G							
Dollar	13-12 13-12 13-12 13-12 13-13 13-13 13-13 13-13 13-13 13-13 13-13 13-13 13-13 13-13 13-13 13-13 13-13	97-97	145-145 85-84 134-134 86-784 115-105 115-97 116-97 105-105 105-105	148-14: 81-84 134-13; 81-84 81-84 104-10: 91-91; 71-10: 81-84 104-10: 81-84	111-11 932-95 74-75 102-103	31-123 31-123 81-81 81-85 81-81 91-104 91-91 73-75 101-104 82-84			
y term Eurodolfars, two years 87-84, per cent; three years 9-87, per cent, four years 914-9 per cent; five years 914 per cent nomined. Short term rates are call for US Dolfars and Japanese Yea; others, two days' notice. POUND SPOT- FORWARD AGAINST THE POUND									
un.27	Day's spread	Close	Com mo	- 9	Thre	9 %			
ada	20390 - 20445 326 - 3,7715 54,60 - 59 70 11.014 - 11.05 1.0750 - 1.0860 2.8915 - 2.9015 2.8915 - 2.9015 2.9015	1 7420 - 1743 2 1095 - 2 0402 3.26 - 2 57 94.45 - 95.59 11/20 - 11 101 1 8815 - 1 0825 2 843 - 2 903 2 843 - 2 903 2 1244 - 2125 1 1154 - 1116 9 735 - 9 743 2 10.494 - 1136 2 10.494 - 11	5 0.26-0.1 2-1-2 2-2 2-4-4 3-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	8cpm 7 4cpm 7 4cpm 7 4cpm 4 0cpm 4 3cpm 4 2cpm 4 1cpm 4 4cpm 3 4cpm 3 4cp	29 063-1 134 55 135 125-1 145-1 106 45-1 107 105-1 108 115-1 109 115-1	-57 pm 2.38 -44 pm 7.15 194 pm 5.94 -34 pm 5.61 1.55 pm 4.46			
OLLAR SPOT- FORWARD AGAINST THE DOLLAR									
ee 27	Day's spread	Close	One mos	atir g.	Three	% p.s.			
ndit	1,7405 - 1,7450 1,6085 - 1,6150 1,1760 - 1,176 1,8680 - 1,8765 34,05 - 34,26 6,317 - 6,334 1,6580 - 1,6670	1,7420 - 1,7430 1,6090 - 1,6100 1,1705 - 1,1715 1,8730 - 1,8740 34,10 - 34,20 4,325 - 6,10 1,6635 - 1,6645	0.25-0.21	lopin 1 Scala -5 Icpat 0 Ocals -1 reda -2	75 2,70-2, 75 0,72-0, 45 1,48-1, 13 0,04-0, 41 6,00-14, 23 2,90-3,44 29 6,07-0,	62pm 1.67 53dls -5.14 02pm 0.06 00dls -1.17 loredic -1.79			

EURO-CURRENCY INTEREST RATES

7 Bays notice

One Three Month Months

	-12435 1.2	390-12400	0.07-0.09cds 0.17-0.16cpm	1.60 0.56-0	54pm 1.77				
Commercial retire failure towards the und of London trudies, † UK, trebook and ECXI are quoted to US commig Forward premiums and discounts apply to the US dollar and out to the hadronical correcty.									
GMS EUROPEAN CURRENCY UNIT RATES									
	Ecu central rates	Currently associate against Sep June 27	% change from control rate	Milested for Chargeson	Divergence Janit, %				
leigian Franc	42.1679 7,79643 2.04446 6.85684 2.30358 0.763339 1529.70 132.889	42.362 7.84865 2.06243 4.05243 5.769116 1511.98 126.845	4 1 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	40.77 40.77 40.78 40.63 40.63 40.63 40.63 40.63 40.63 40.63 40.63	±1.508 ±1.643 ±1.1762 ±1.3638 ±1.5272 ±1.6689 ±1.5162 ±4.2705				
images are for Eos, therefore positive change designs a weak currency objectment calcolored by Financial Times.									

EXCHANGE CROSS RATES										
June 28	2	5	DM	Yes	F Fr.	S Fr.	H FI.	Lim	CS	B Fr.
Ē	1 0.574	1743	2,900 1,664	269.0 154.3	9.740 5.586	2.463 1.407	3.2% 1.873	2125 1219	2.040 1,170	39.50 34.14
DMI	0.345 3.717	0.601 6.460	10.78	92.76 LOOL	1.389 36.21	9.846 9.119	1.126 12.14	2	0.70	20.5
F Fr. S Fr.	1.027	1.790 0.711	2.977 1.182	276.2 109.7	10. 3.971	2.518 1	諁	2182 864.3	2.094 9.692	61.09 24.26
H FI. Ura	0.306 0.471	0.534 0.620	0.888 1.365	82.39 126.6	2.983 4.364	0.751 1.154	1 1,536	650.8 1000.	0.625 0.766	18.22 28.00
C S B Fr.	0.490 1.661	0.854 2.929	1.422	131.9	4.775	1 202 4 123	1.600 5.487	號	3,429	29.17 100.

FINANCIAL FUTURES AND OPTIONS Pub-s Sep 0-28 0-42 0-60 1-21 1-52 2-26 3-06 3-55 Sep 4-06 3-20 2-38 1-63 1-30 1-04 0-48 0-33 Estimated volume total, Calls 945 Pets 1559 Previous day's open Int. Calls 16097 Pets 11366 LIFFE EUROCOLLAR OPTION Sim peints of 190% Calls-Sep 0.81 0.57 0.20 0.09 0.04 0.02 0.01 LONDON CLIFFED CHICAGO 93-14 93-04 93-25 92-25 92-12 86-13 92-02 93-14 Estimated volume 44355 (39349) Previous day's coen inc. 62300 (62594) High Low 94.88 94.71

Estimated volume 238 (150) Provious day's open int. 2463 (1403)

POUND-S CPUREIGN EXCHANGED

THE STEPLING SO per E

Treasury Bills and Bonds

8.15-8.30 9%-104 81-9 8.13-8.23 71-7, 11-111 93-94 104-1012

Three Months

8.35-8.50

8.00 9.50

One

145 144

FT LONDON INTERBANK FIXING

The firstop rates are the arithmetic means rounded to the uparest one-sistemth, of the bid and offered rates for \$10m quoted to the market by five reference bunks at \$1.00 a.m. on the working day. The banks are litational Westerbotte Sank, Sank of Tolyn, Deschoe Bank, Sank and the Paris and Morsan Gazanto Trust.

MONEY RATES

8.00-8.15

LONDON MONEY RATES

Treasury Bills (sell); one-month 14% per cent; three months 14% per cent; Bank Bills (sell); one-month 14% per cent; three months 14% per cent; Bank Bills (sell); one-month 14% per cent; three months 14% per cent; Treasury Bills; Average tender rate of discount 14.3152 p.e. ECGD Fleed Rate Stering Enport Finance. Make up day May 31, 1990. Agreed rates for period June 20, 1990 to July 24, 1990, Scheme 12.5, 50 p.e., Schemes 14% 15.201 p.e. Local Authority and Finance Houses seven days motice, others seven days fined. Finance Houses Base Rate 15½ from June 1, 1990. Bank Deposit Rates for sums at seven days fined. Finance Houses Certificates of Tax Deposit Scries 6): Deposit 6100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; one-three months 13 per cent; three-six months 13 per cent from Oct 9,1989, Deposits withdrawn for cash 5 per cent.

(11.00 a.m. June 27) 3 months US dollars

7.85-7.95 911-911 81-85 7.50-7.60 711-711 111-115 8.50 1012-1015

14 lg

15

7.80-7.95 91,-91 81,-9 7.94-8.04 711-713 10-11-1 93-911 102-103

144

14%

NEW YORK

2404.0 2372.0 2409.0 2406.0 2437.0 2470.0

1-min 3-min 6-min 12-min 1.7327 1.7157 1.6903 1.6520

Latest High Low Pres. 17290 17196 17170 17154 16430 16480 16430 16412

SWISS FRANC (IMM) THREE MONTH STEELING £500,000 points of 100% PERSONAL PROPERTY OF THE PERSON PROPERTY OF T 25.00 86.00 Just Entereial volume 79,027 Total Open Interest \$1,057 OFFICE ON LONG-TERM PRINCIP MAND ANATOR Pets Dec. 0,44 234

0.03 0.08 0.18 0.34 0.54

High 93-14 93-04 92-28 92-20 92-12

92-02

92-m

LIFFE BUHLS FUTURES OPTERS 392259,000 points of 199%

0.94 0.72 0.50 0.33 0.21 0.07 0.04

DEUTSCHE MARK (IMM IMI125,000 S per Dill

Litest High Car Pres. 0.6496 0.6499 0.6492 0.6477 0.6508 0.6510 0.6505 0.6485

0.6019 0.6024 0.6010 0.6012 0.6017 0.6017 0.6008 0.6010 0.6017 0.6017 0.6008

CAC-40 PUTURES MARIETY Sheek larker 203 7 055 7 046 7 Estimated values 1<u>5652</u> (15007) Province day's cost int. 63281 (63275) Base Lewding Rates

Adam & Ontopasy
Adim & Ontopasy
Alifed Trest Bank
Associates Car
Associates Car
Bank of Barneta
Bank of Barneta
Bank of Crest & Comm
Bank of Crest Financial & Gen. Bank ... 15½
Financial & Gen. Bank ... 15
First Hatiosal Bank Pic. 16½
Robert Fleming & Cu. ... 15½
Bobert Fraser & Pows. ... 15½ Robert Fleming & Co.
 Robert Fraser & Phws.
 Girobank
 Golumn Mahan • United Bk of Kawait . United Mitrath Bank ... 15
Unity Trest Bank Pic ... 15
Western Trest ... 15
Western East Corp. ... 15
Whitemay Laidam ... 151 HFC Bank plc 15
Hangshire Trust Plc 15
Hangshire Trust Plc 15
Henitable & Ges for Buk 15 Banque Belge Ltd ... Barclays Bank Brit Bk of Mid East Members of United Members Banking & Securities Houses Association. ** Deposit near 5.9% Securities 15.7% & Mortgage Instant access 13.7% & Mortgage Instant access 13.7% & Mortgage Instant access 13.7% & Mortgage Instant Security 15.7%. Cithank (iA

State Electricity Commission of Victoria

(A Statutory Corporation constituted under the State Blectricity Commission Act 1958 of the State of Victoria) A\$200,000,000 Zero Coupon Guaranteed Notes due 2000 Guaranteed by the Government of Victoria

Issue Price 31.45 per cent. payable as to 12 per cent. on 17th January 1990 and 19.45 per cent. on 17th July 1990 NOTICE OF PAYMENT OF FINAL INSTALMENT

Holders of the above-mentioned Notes of the State Electricity Commission of Victoria (the "Issuer") are reminded that payment of the final instalment of 19.45 per cent. of the principal amount of the Notes falls due for payment in immediately available Australian dollars on 17th July 1990. Accordingly, any such person who is holding Notes through Morgan Guaranty Trust Company of New York, Brussels Office, and the European Company of New York, Brussels Office, and the European Suggest ("European") or Code Suggest ("European"). as operator of the Euroclear System ("Euroclear") or Cedel S.A. ("Cedel") should ensure that payment of the final instalment in respect of the principal amount of Notes held by him is made to Euroclear or Cedel, as the case may be, to enable it to pay the final instalment to the

After 17th July 1990 and up to (and including) 31st July 1990, the Issuer is emitted to accept payment of the final instalment of the issue price of any Note. No payment after 17th July 1990 will be accepted by the Issuer unless accompanied by a further payment representing interest accounted at the rate of 14.50 per cent. per amount calculated from (and including) 17th July 1990 to (but excluding) the date of actual payment.

The Issuer may at any time after 31st July 1990, elect not to accept payment of the final installment, and declare forefeited any parity-paid Notes and shall be catalled to retain the first installment of the issue price previously paid, and shall be discharged from any obligation to repay such first instalment or interest thereon for any period. Up to (but excluding) 30th September 1990, the leaver may resell, in fully paid form at any price, any forfeited Notes, but thereafter it may not do so. Holders of the Notes are further reminded that neither Euroclear nor

rooters of the Notes are invited reminded that neither Euroclear nor Cedel will clear any transaction in the Notes for settlement on or after 17th July 1990, unless such transactions are in fully paid Notes. Furthermore, it will not be possible for Notes in partly-paid form to be transferred from Euroclear to Cedel or vice versa after 9th July 1990. Accordingly, as between the parties to any such transaction, it will be for the vendor to ensure that the final instalment on the relevant Note is paid.

FINANCIAL TIMES THURSDAY JUNE 28 1990

ATTENTION PLEASE!

Foreign Currency Mortgages/Remortgages FOR UK RESIDENTIAL PROPERTIES THIS IS A MULT-CURRENCY MANAGED FACILITY AND AT YERY LOW INTEREST RATES THE SAVINGS POTENTIAL IS ENORMOUS FOR MORE INFORMATION,

TELEPHONE THE CREDIT EXCEANGE on 0494-722099 Your come is at thick if you do not keep up symptometr on a manipular or other local secund on it saw where a local parameted in a fineign correspy, the starting convenient of you liability under a foreign

CHEMICAL INDUSTRY

The Financial Times proposes to publish this survey on:

12th July 1990

Bill Castle on 071 873 3768

or write to him at :

Number One outhwark Bridge London SEI 9HL

FINANCIAL TIMES

SPONSORED SECURITIES 3.7 10.3 2.9 146 229 140 Carbo Pic CED 125 96 Bardon Group CP Pref CED 127 76 Bray Technologies 119 82 Brembill Corr. Pref 115 265 CCL Group Ordinary 128 140 Carbo Pic CED 110 109 Carbo 7.5% Pref CED 2.9 166 69 -8.4 6.2 13.4 -5.9 2.5 8.9 -3.5 12.6 -9.4 -325 130 323 160x 235 382 Socarities designated (SE) and (USMI) are dealt to suspect to the rules of TSA 1986. Other securities listed above are dealt to subject to the rules of TSA These securities are dealt to scrictly on a matched bargain bacis, Neither I Companies Exchange Limited on Granville Davies Limited are maries.

Independent Companies Eschange Limited 77 Manuell Street, London E1 NAF Telephone 071-488 (212) Generalle Davies Lammed 77 Manuell Street, London E1 8AF Telephone 071,488 1212



5om Prices. Change from previous 9pm close CAI, Fetures Ltd Windsor House %) Victoria Street Landon SW1H ONW TIME TO BUY

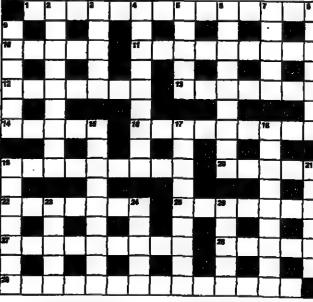
GOLD? Tel: 071-799 2223 Tes: 071-799 1321

JOTTER PAD

: "

CROSSWORD

No.7,275 Set by GRIFFIN



ACROSS
1 Old Queen racing into

pompous speech (14)

10 Where crossword compiler caught accountant (5)

11 Dying to describe very cold weather? (9)

12 Join one in private, perhaps

13 Suppress more after writing back (7)
14 Vain hope of mother housing engineers (5)
16 Troops entering main road with difficulty (9)

19 Shirt Rits downed causes painful joints! (9) 20 Store key to piano inside, Dorothy (5) 22 Magnanimous boss but con-

ceited person (7) 25 Object about transplanted tree being registered (7)
27 Conclude arrangements to

meet truin (9) 28 Stick duck in bost (5)

29 Restructuring dancing training arose out of nothing (14) DOWN 2 Recall Elizabeth turning to

prayer (9)
2 Forces' shop not after a fat income, initially (5)
4 Meaning attending around noon is significant? (9)
5 Dog rescued from cruel men

(5) 6 Natural fuel a Parisian

7 Repair hinge making noise in stable (5) 8 In before time, say, rises

keenly (7)
9 Tickled by mad broadcast about exercise (6)
15 Selling man a new trike in Gateshead (9)

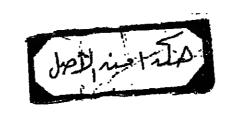
17 Insipid and stale, sets badly (9) 18 Dr Zamenhof's artificial tongue (9) 19 Umpire turns up about haif-

time with supporter (7)
21 Grooms find it rises and 22 Greta wanted dress ring (5)

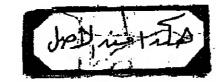
24 Filter onto one A-road up North (5)

26 Understood spiteful woman rejected sex-appeal (5)

Solution to Puzzle No.7,274



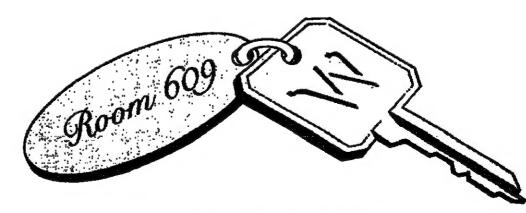
CHOSSWORD



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FINANCIAL TIMES THURSDAY JUNE 28 1990 **WORLD STOCK MARKETS** 7,600 14,300 2,060 2,738 26,090 34,600 30,600 144414 6 5555 6 4145 144 \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | \$18 | Closing prices June.26 7903 Agmics E 7903 Agmics E 18000 Albrita IN 180175 Alcan 18010 Albrita IN 180175 Alcan 1800 Balon 18000 Balon 18 HETHERLAND Jane 27 1971-54-14-623 | 19-850 | 19-782 | 19-80 | 19-80 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 | 19-850 Economic Section 1 Control of the Co June 27 dia ini h. 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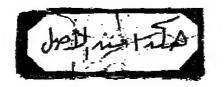
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Dow advances despite nervousness on profits

Wali Street

A QUIET morning on Wall Street saw equities shake off uneasiness about the prospect of lower corporate earnings to post modest gains in light trading by midsession yesterday, writes Karen Zagor in New York

At 2 pm, the Dow Jones Industrial Average was quoted up 15.10 at 2,857.43. Volume was light, with only 97m shares changing hands by midday. Declining issues outpaced those advancing by a ratio of seven to five.

seven to five.
The mixed tenor in equities was reflected in other indices. While the Standard & Poor's 500 was up 1.32 at 353.38 at 1 pm, the American Exchange

Composite lost 0.85 to 355.95.

The market overcame an early round of sell programmes related to stock-index arbitage, which pushed the Dowdown about 10 points earlier in the day. A bout of futures related by since he was a point of futures related by since he had a point of futures lated buying helped stocks

Nervousness about the prospect of low corporate earnings continued to affect the market, as the second quarter results season approaches. AT&T drew heavy selling after the com-pany said that it expected to report a decline in second quarter profits. The stock plunged \$2% to \$38%. The prospect of lower earnings for West Company, which

quarter profits might drop more than 50 per cent because of production problems in the US and reduced business in Brazii, sent the company's share price down \$2% to \$17% at midsession.

Caterpillar, another extremely active issue this week, lost \$% at \$52. The issue fell \$11% in the first two days this week in the wake of a

this week in the wake of a lower earnings forecast. Dow, which also expects lower second quarter results, fell \$% to \$56% in heavy trading.

Philip Morris, which has been on the most active list since its bid for Jacobs Suchard in Switzerland, slipped \$% to \$46%. LA Gear recovered most of its previous day's losses, adding \$1% to day's losses, adding \$1% to \$27% after losing \$1% on Monday. The company reported second quarter net earnings of 51 cents a share, in line with its earlier estimates.

PPG plunged \$3% to \$46% after a report that the com-pany, which processes chro-mium ore in Jersey City, might be more seriously affected than originally expected by the blame for chromium-waste pol-lution in the city. Allied-Signal, which was also implicated, slid \$% to \$35%.

Times Mirror fell \$% to \$31% after the company said its sec-ond quarter operating results would show no improvement over its first quarter results. Sierra On-Line, which develops entertainment software, jumped \$1% to \$26% in over-the-counter trading. The issue has been at record highs all week. The company attri-buted the gains to greater visi-bility thanks to IBM's new line of personal computers, which will be able to run Sierra's Silpheed arcade game.

FEARS OF poor second quarter profits alternated with bargain-hunting to produce a vola-tile session in Toronto. Share prices made a sharp turnround from early losses before slipping back again by midsession.
The composite index stood
6.3 higher at 3,501.5 on volume
of 12.4m shares. Advances led A meeting between Premier David Peterson of Ontario and

Premier Robert Bourassa of Quebec reassured investors that their economies would not be harmed by the collapse of the Meech Lake constitutional accord.

Laidlaw class B shares fell C8% to C\$25% in trading of 1.95m shares, after good third quarter earnings and resignation, for personal reasons, of the company's chairman, Mr Michael DeGroote. Among other active stocks, Canadian Pacific, which con-trols Laidlaw, slipped C\$% to C\$20%. TransAlta lost C\$% to C\$12% and Bank of Montreal

Continental bourses lean gently in buyers' favour

INVESTORS in Continental aggregate, to be leaning a little towards the buying side, although Paris, Amsterdam and Milan ended gently in favour of the sellers, urites Our

FRANKFURT reversed Tues-day's slip in the second half of yesterday's session. After an intraday low, with the DAX nearly 5 points down at 1,883.41, the FAZ ended 0.11 er at 797.56 in midse and the DAX closed the day 13.17 higher at 1,901.46.

down at the company's annual PARIS fell in moderate trad-ing as profit-taking brought

the bourse's modest rally to an end. The CAC 40 index lost 16.44 to 2,031.54 after rising 3 per cent in the six sessions to Tuesday. A decline in domestic bonds was the trigger for the fall, reinforced by a weak opening on Wall Street.
Michelin was one of the most

active stocks again, falling 60

Helsinki is the only Nordic bourse to have

This was the first time the DAX had closed above 1,900 since May 6, and recent talk of foreign buying surfaced again. s in internationals such as Daimler, Deutsche Bank and Siemens, of DM11 to DM847, DM759-30, appeared to support the theory; but professionals said that this was a traders' market, based on an almost

total seilers' strike. Volume stayed healthy at DM9.1bn. In engineering, KHD's DM12 rise to DM282 gave it a DM26.20 gain over three days, and Metallgesell-schaft's DM11 to DM673 left it

DM88.50 better over six.

However, Continental, the
tyre maker, dropped DM12.50 to DM317.50. The company said that 1990 net profits would fall from the depressed DM228m of

NATIONAL AND REGIONAL MARKETS

limit on voting rights to 5 per cent of total capital was voted

THE NORDIC index staged a comeback in May, rising by 7.7 per cent after small falls in the previous two months, according to statistics compiled by the Oslo bourse on behalf of the four Nordic stock exchanges, writes Karen Fossli in Oslo.

Last month's rise means that the index has gained 3.7 per cent this year. May's best performer was Stockholm, up 9.8 per cent, followed by Oslo (8.2 per cent) and Copenhagen (5.5 per cent). Helsinki inched ahead by only 0.3 per cent. Helsinki is the only Nordic hourse to have retreated this

year, standing 4.5 per cent lower than at the start of January. Finland's problematic economy supped investors' interest. In contrast, Oslo steamed abead, rising 22 per cent since January in spite of fluctuations in world crude oil prices, on demand for shipping stocks.

> centimes to FFr99.30 with 542,950 shares traded, after plunging on a profits warning last week. Elsewhere in the auto sector, Peugeot, which said that it faced no significant financial risk from the actions of three employees, now dis-missed, at its banking unit, dropped FFr13 to FFr831. The car-maker also predicted 1990 profits up by more than the 7.9 per cent improvement recorded in the first quarter. Valeo, the components-maker, shed FFr14

> > The day's biggest decline was by Metaleurop, the metals producer, which plunged 10 per cent to FFr175, down FFr19.40, in active trading after its chairman predicted a profits

MILAN saw late buying which lifted most prices off

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their lows. However, the Comit index still finished 1.03 lower at 746.26.

The merchant bank, Mediobanca, rose L340 to L20,900, and added another L100 to L21,000 after hours. The telecommunications holding com-pany, Stat, rose Lee to L7,000 amid rumours of a stock split. amid rumours of a stock split.

MADRID was lifted by rises in banking stocks and some electrical utilities, with the general index gaining 1.39 to 293.69. Among active banks, BBV rose Pta50 to Pta3,300, Banco Hispano gained Pta80 to Pta2,215 and Popular added pta80 to Pta9.560. Some recent Ptals0 to Ptals580. Some recent winners in the utility sector slipped back, but Endesa gained Ptals5 to Ptals540.

OSLO welcomed a fall in domestic interest rates, and the all-share index gained 5.19 to 614.24 in fairly busy trading of NKr292m. Banks were firm, with Kreditkassen free shares rising NKr6 to NKr158 and Den norske Bank adding NKr1.5 to STOCKHOLM again focused

on secondary stocks as foreigners showed renewed interest. The Affärsvärlden General index rose 4.9 to 1,292.7 in moderate turnover of SKr289m. Procordia free Bs rose SKr2 to SKr187 and Avesta restricted shares gained SKr2 to SKr32.5. Stora free Bs rose SKr14 to SKr360 on the news that it plans to build a pulp plant in

BRUSSELS closed mixed. with attention focused on Société Générals de Belgique's purchase of a 19.5 per cent stake in the travel company, Wagons Lits. The cash market index closed 18.63 higher at 6,263.90, and Wagons Lits rose BFr550 to BFr10,000.

AMSTERDAM fell in quiet trading, depressed by the lower dollar and early decline on Wall Street. The CBS tendency index eased 0.4 to 121.1.

MONDAY JURE 25 1990

ASIA PACIFIC

Nikkei tops 32,000 as trading volume climbs

INVESTORS TOOK encourage ment from the year's rebound and lower interest rates, and share prices breached the 32,000 level for the first time in

JAMI level for the first time in four sessions, writes Michigo Nakamoto in Tokyo.

The Nikkei rose 740.96, or 2.3 per cent, to close at 32,312.75, the day's high. The session's low was 31,600.02. Volume came to 600m shares, exceed-ing 500m for the first time in 13

trading days.

Advances outpaced declines by 751 to 214, while 156 issues were unchanged. The Topix index of all listed stocks rose 39.05 to 2,362.40 but, in London 39.05 to 2,362.40 but, in London trading, the ISE/Nikkei 50 index lost 3.83 to 1,774.90.

US President George Bush's suggestion on Monday that there could be a tax increase in the US helped the yen to strengthen against the dollar. The news also raised investors' hopes that interest rates in the US might come down.

hopes that interest rates in the US might come down.

At the same time there was a stronger feeling that the market had hit bottom, given expectations of an impending flood of up to Y700bn from investment trusts into equities.

Dealers were said to have been quite active, and there was talk of window-dressing by pension funds before the annual shareholders' meetings, many of which take place tomorrow. Nevertheless, the market's strength in the past markers strength in the past two days has worried some brokers. "It was maybe a bit overdone," said Mr Warren Primhak at Baring Securities. The focus yesterday was on high-priced, high technology high-priced, high technology issues with good earnings. Fuji Photo Film topped the actives list with 17.9m shares and gained Y230 to Y4,620. Sony jumped Y360 to Y8,870 and TDK, the maker of magnetic tapes, rose Y270 to Y7,320. During the day TDK, which was favoured for its low price-earning ratio of 37, had reached a record Y7,380. Kyocera, the record Y7,850. Kyocera, the semiconductor components

semiconductor components and electronic equipment maker which has been designated a market leader, advanced Y300 to Y8,630.

Precision equipment makers were also favoured, partly on expectations of higher prices for integrated circuits. Nikon bit a record of Y1.750, up Y70. hit a record of Y1,750, up Y70, and Canon, second in volume with 17.3m shares, put on Y80 to Y1,880. An upward revision

in Canon's pre-tax profits for the year to Becember 1990 helped the issue.

Advantest, Japan's top maker of integrated circuit testers with 50 per cent of the market, moved up Y220 to a year's high of Y6,290. It was selected for its strong earnings and good growth potential stemming from the continuing high level of plant and equipment investment by Japanese

high level of plant and equip-ment investment by Japanese semiconductor makers.

High technology issues were the stars in Osaka, where the OSE average closed at the day's best of 35,254.89, up 566.13. Volume further expan-ded to 78m shares from Tues-day's 60m. Rohm posted the maximum gain allowed in a day. closing at Y5.490, my Y500. day, closing at Y5,490, up Y500. Buyers were hoping for a scrip issue from the company.

Roundup

THE PROMISE of government action in the Pacific Basin yesterday seemed less effective than the action itself, as Taiwan continued its tortured collapse and Singapore recog-nised the growing maturity of its domestic banking system. TAIWAN fall below 5,000 in spite of the Government's mea-

sures aimed at reviving the market. "A total loss of inves-tor confidence," "panic selling" and "out of control" were among the phrases flying-around as the weighted index fell another 298.74, or 5.6 per cent, to 4,995.38. The index has lost 80 per

cent, or 7.499.96 points, since the historic high of 12.495.84 attained on February 10. Vol-ume fell from T\$48.4bn to ume fell from T\$48.4bn to T\$39.1bn, compared with nearly T\$200bn at its peak. Foor economic fundamentals, a domestic preference for currency speculation rather than equity investment and threats of political violence after today's National Affairs Conference on political reform were all blamed yesterday for the current state of the stock market.

SINGAPORE rose in brisk trading after the Government said it would raise the calling for foreign ownership of Singapore banks from 20 to 40 per cent of the outstanding shares. The Straits Times Industrial industrial industrial index climbed 9.66 to 1,533.25 in volume more than doubled from \$\$128m to \$\$226m. The city state's banks are quoted on foreign and local registers, said Mr Mike Frank-

lin, London director of Kim Eng Securities, the Singapore-based stockbrokers. Local shares had been at a discount of about 25 per cent but yester-day the gap had narrowed dra-matically.

matically.
OCBC local shares rose
\$\$1.15 to \$\$2.55 while the foreign fell from S\$10.90 to S\$10.10, cutting the discount S10.10, cutting the discount from 23 to 5 per cent. However, Mr Frankin noted that from now on Malaysian-registered shares would be deemed to be foreign. In OCHC's case, that automatically lifts its foreign holders from 20 to 35 per cent of the total, leaving limited more for arbitrage. room for arbitrage.

BOMBAY hit an all-time high after rises on three con-secutive days, yesterday's 9.12 gain taking the BSE index to 829.47 on the back of good com-pany results.

SOUTH AFRICA

JOHANNESBURG closed mixed resterday in quiet trad-ing. Among gold shares, Southwal rose R1.50 to R107, while Deckraul slipped 25 cents to R12.75. De Beers added 50 cents to R90. Closing indices were unavailable.

Source of Japanese inspiration turns green

Environmental progress has lifted stocks in many sectors, writes Michiyo Nakamoto

OR THE Tokyo market, which has had few buy-ing incentives since its sharp falls earlier this year, the "green" theme has been a welcome source of inspiration. Brokers have been quick to come up with lists of green companies and several have followed the western lead in setting up green funds. The companies themselves have come out with a series of new developments promising a greener world.

For investors, the promise of the environment theme lies in the lead that many Japanese companies have in technology for pollution control and alternative energy sources, which should see greater demand at home and abroad as the green movement gathers momentum. The Japanese Government has enforced some of the strictest standards in pollution con-trol in the world. Japan's lack of resources has also necess tated a strict programme of energy conservation, providing a strong incentive to develop alternative sources of energy that also happen to be clean. Due to the broad scope of the environmental theme various stocks in many sectors have been able to benefit in turn from whatever green issue happens to be at the forefront.

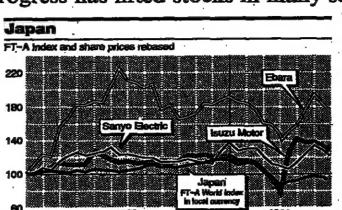
bara, for example, is a E leading supplier of equipment used to remove nitrogen oxides (NOx) and sulphur oxides (SOx), which cause acid rain, from electric power plants. It led the interest in environmental issues early last year, as its share price surged 115 per cent in the six months to June 27,

from Y1,170 to Y2,520.
This year, however, Ebara's performance has not been as spectacular, in part because interest has moved away to other environment issues and also because, in the sluggish market environment, it has

market environment, it has looked overbought. It has suffered from profit-taking and closed at Y2,040 yesterday.

None the less, many analysts see Ebara as the pre-eminent environment stock and interest has periodically re-emerged. It is widely involved in all of the three main areas of pollution three main areas of pollution control – air, water and waste by products, and already has a le market share for its pollu-

DOLLAR MOEX



tion control products. Chemical companies also enjoyed a strong run last year when the need to phase out chlorofluorocarbons (CFCs) was on the top of the greens' agends. Daikin Industries, a company which has been

developing CFC substitutes, jumped 118 per cent last year from Y985 in January to Y2,150 at the end of December. This year, however, the theme of CFC reduction has not attracted as much attention. Dalkin recovered to Y1,920 yesterday, after falling to Y1,400 as the rest of the market plunged earlier in the year, but a new breakthrough will probably be needed for it to regain momentum.

More recently, the focus has been on developments in clean energy sources. Investors have pursued Sanyo, fibe consumer electronics company, which has the largest market share in solar batteries. Sanyo has risen from a low of ¥758 on March 22 to Y924 yesterday, in spite of profit-taking. Isuzu, the car maker, has

seen a strong rise in trading volume this year on the news that it has co-developed a large capacity battery which can be used for electric cars. Although buying in Isuzu has now eased, its share price has gained 75 per cent in three months from a low of Y595 on April 2 this year to Y1,040 yesterday.

The possibilities for the envi-

but there is no knowing where the next breakfarough might come or what the next sub-theme within the overall envi-roument theme might be. The difficulty of determing which developments will affect a company's earnings also means that interest is speculative.

nternational conferences that raise the environment issue, however, such as the forthcoming July summit of the Group of Seven industrial nations, are likely to trigger renewed interest.

One thing that everyone is agreed on is that the green theme will be long-term. The destruction of the environment 517

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destruction of the environment itself is a long-term lasue that requires long-term invest-ment," says life Toshiyuki Nishiguchi at Daiwa Securities. "Moves to tackle the problem

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